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NEWS SUMMARY

GENERAL

British embassy staff leave

The British Embassy in Tehran said yesterday it was suspending operations after a week of demonstrations in protest at the detention of Iranian students in London.

The visa section had to be closed after seven diplomatic staff, with four dependents, left Tehran on Saturday. Four staff remain.

Two journalists, Mr. Tony Allaway, a Briton, and Mr. Ralph Joseph, a Pakistani, have been transferred to prison while questioning about alleged spying continues.

A letter from nine foreign envoys seeking the release of the U.S. hostages has been referred to a commission, which is to report to Parliament.

Fire survivors ill

Three survivors of the fire that killed 37 people in two London drinking clubs are seriously ill. Six others are "satisfactory."

Korea alert

South Korea put its forces on special alert after President Choi Ky-Hah's resignation, expecting "provocation" from North Korea.

Violence spreads

Clashes between Hindus and minority Moslem communities continued in a dozen cities in at least five Indian states. More than 150 people have died in the past four days. Page 2

Attacked boy dies

One of two 11-year-old boys found severely injured on a Liverpool pub crawl after a "senseless" attack has died. The other, Gary Miller, is desperately ill on a life support machine.

NF march arrests

The National Front went ahead with its march in Nuneaton. Scuffles with more than 200 Anti-Nazi League supporters led to a few arrests, but nobody was hurt.

Nuclear defiance

Iraq will not be deterred by "any force" from using nuclear energy, according to the ruling Revolution Command Council's secretary-general.

Refugees rescued

The British merchant ship Staffordshire picked up 205 Vietnamese refugees in a fishing boat about 300 miles off Saigon.

Brandt chosen

Former West German Chancellor Willy Brandt is the Social Democratic Party's candidate for North Rhine-Westphalia in the October 5 general election.

First anniversary

Keith Castle, Britain's longest surviving heart swap patient, celebrates the first anniversary of his transplant today.

'Mean' busmen

South Yorkshire bus officials have been criticised for "meanness" after refusing to waive a lost property rule for a 91-year-old widow's pension left on a bus. They deducted 10 per cent.

Briefly . . .

Israel's Government is to allow President Navon to accept President Sadat's invitation to visit Egypt. Page 2

Monte Hekma, one of Europe's most dangerous volcanoes started erupting in Iceland.

Jean-Pierre Jabotin of France won the Austrian Grand Prix.

Winner of the £100,000 Premium Bond prize-number TPP 811195—lives in Berkshire.

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BUSINESS

Reactor plan with France hits snag

BY OUR FOREIGN STAFF

COLLABORATION plans between Britain and France for developing a 1,500 MW commercial fast breeder reactor has run into trouble following a French call for a £20-£25m entry fee. Back Page

WEST GERMANY, which has tested the British-designed text and Prestel information service for two years, is considering switching to the rival French system. Back Page

FRENCH FRANC remained the most improved currency in the European Monetary System last week, with trading restricted by a holiday on Friday in many European centres. The Dutch guilder and the Irish punt were close behind the franc and the punt briefly touched the top during the week.

Further rumours of an imminent devaluation ensured the lowest position for the Italian lira, while the D-mark continued to weaken ahead of this week's Bundesbank meeting, where some change in key lending rates is seen as a possibility by certain money market and foreign exchange sectors.

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The strikers have formed a joint committee, the interfactory strike committee to press their demands, which have grown from the economic complaints which led to the start of the strike on Thursday. Details of the demands were released in Warsaw by the dissident self-defence committee, KOR.

Yesterday some 2,000 workers were occupying the Lenin shipyards. Visitors said that the plant was adorned with a photograph of the Pope, draped with

Polish flags and guarded by the Polish workers as though it were a fortress.

The Polish authorities have not excluded use of force to break the strike.

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OVERSEAS NEWS

Prominent Moslem Brother killed

By Our Damascus Correspondent

SYRIAN OFFICIALS are privately confident that they have delivered a major blow against Moslem Brotherhood terrorists following the killing on Saturday of Mr. Hisham Jumblawi, the organisation's military leader. They believe the Brotherhood, which has staged violent attacks on President Assad's regime over the past year and a half, will be suppressed "in the foreseeable future."

Mr. Jumblawi was shot on Saturday with four other Brotherhood members in a garden in the suburbs of the central Syrian town of Homs. Large amounts of ammunition, weapons, and explosive devices were found.

The Moslem Brotherhood has attacked members and supporters of the regime of President Hafez Assad, which is dominated by members of the minority Alawite sect. Diplomats in Damascus said the last major operation by the Brotherhood was the attempted ambush three weeks ago of a bus carrying Russian military advisers. The bomb exploded after the advisers had left the bus.

Syrian newspapers yesterday carried pictures of 23 Moslem Brothers who had surrendered to the authorities in the previous 24 hours. President Assad issued a one-month amnesty decree to Moslem Brothers on July 7, which was extended on August 7 for a further 20 days.

Payments made' for Nigerian contracts

WASHINGTON—International Telephone and Telegraph Corporation is alleged to have made millions of dollars in questionable payments to gain telecommunications sales contracts in Nigeria, according to the Washington Post newspaper.

Mr. Howard J. Aibel, senior vice-president of ITT, yesterday denied that the company had made questionable payments.

Concern grows as Polish unrest spreads to Romania

BY PAUL LENDVAI IN VIENNA

INDUSTRIAL UNREST is spreading from Poland to independent-minded Romania and the strikes are causing growing concern in official circles in neighbouring Hungary and Czechoslovakia.

Travelers arriving in Vienna reported on Saturday that about 3,000 workers at an industrial plant in the city of Targoviste, about 50 miles north-west of Bucharest, the Romanian capital, recently staged a strike in protest against the chronic shortage of meat in the shops.

The stoppage lasted several hours and was followed by fresh deliveries of meat appearing in the shops the next day. Reports of sporadic protests and grumbl-

ing by embittered workers have also been officially confirmed.

President Nicolae Ceausescu, in a speech delivered at a recent conference on animal husbandry, sharply criticised the shortage of livestock, which has fallen short of targets by 1m head of cattle, 1.5m pigs and some 2m sheep. Supplies originally intended for the domestic market have had to be diverted into export to reduce the country's external debt, estimated at \$19.4bn (£8.2bn) at the end of last year.

Mr. Ceausescu has apparently cancelled a visit to Jordan which had been scheduled to begin today. According to Romanian reports, postpone-

ment is solely due to opposition by the Palestine Liberation Organisation (PLO) to the President's latest mediation attempts, discussed last week in Bucharest with Mr. Shafiq Ghali, the Egyptian Minister for Foreign Affairs.

However, Western observers presume that Mr. Ceausescu may have felt his presence in Romania was necessary at a time of an acute crisis in Eastern Europe.

There are no signs of unrest in Czechoslovakia and Hungary, which were both victims of Soviet intervention in 1968 and 1956 respectively.

On the eve of the 12th anniversary of the invasion, the

Czech Communist Party praised the results of President Gustav Husak's recent Crimea meeting with Mr. Leonid Brezhnev, the Soviet leader, and pledged to do everything to strengthen the bonds of fraternal cooperation and the unity and cohesion of the countries of the Socialist community.

They will run parallel with NATO military exercises.

"For all our sympathy for Poland, severely hit also by floods, we refrain from any kind of comment because it is up to the Polish comrades to deal with a complicated situation.

Czech economists make only vague allusions to Poland when they stress the merits of financial restraint and the dangers of living on borrowed money.

The immediate danger of a Soviet military intervention in Poland is still discounted.

Leslie Coffey adds from Berlin: Warsaw Pact armies have complied with several occasions. Soviet officers have attended NATO manoeuvres in West Germany but NATO officers have not been invited to Warsaw Pact exercises.

They will involve 40,000 troops from all Pact countries except Romania, which refuses to allow other Pact armies to hold manoeuvres on its territory and will send only staff officers.

Under the final act of the 1975 Helsinki Agreement, signatures pledged to inform each other about "larger" scale military exercises on their territory, which the Soviet Union has complied with on several occasions. Soviet officers have attended NATO manoeuvres in West Germany but NATO officers have not been invited to Warsaw Pact exercises.

Reagan scoffs at mad bomber image

By David Bush in Washington

MR. RONALD REAGAN hit back over the weekend at last week's Democratic attempt "to portray me as a combination between Ebenezer Scrooge and the mad bomber."

The Republican contender for the White House said his candidacy seemed to be the only force uniting Democrats, but scoffed at the claim by President Jimmy Carter, who currently lags behind him in the opinion polls, that Mr. Reagan in the Oval Office would be a "threat to world peace."

Meanwhile, Senator Edward Kennedy, in interviews published yesterday, reinforced the impression that his backing for President Carter was very lukewarm. Senator Kennedy said that how much he campaigns for the Democratic nominee in the autumn will depend on the degree to which the President embraces the Senator's concerns about recession and unemployment.

The Senator said he would take as a test the Administration's new economic recovery plan, due to be announced in a few weeks. He also made clear that his own appetite for the presidency had if anything been whetted by his unsuccessful campaign for the Democratic nomination this year, and that he might well try again in 1984.

The main purpose of Mr. Reagan's Los Angeles Press conference on Saturday was to publicise the departure yesterday of Mr. George Bush, his Vice-Presidential running mate, for Japan and China. The aim is to calm fears in Peking and Tokyo that Mr. Reagan, if elected, would reverse the new U.S. relationships in the Far East by re-establishing diplomatic ties with Taiwan.

Mr. Reagan said this was a misinterpretation of his position.

Inter-communal clashes in India spread

By K. K. Sharma in New Delhi

A

DOZEN cities in at least five Indian states were in the grip of sectarian violence over the weekend. Clashes between the majority Hindu and minority Moslem communities have now claimed over 150 lives in the past four days. About 250 people have been injured.

The authorities suspect that the clashes are the result of a well-co-ordinated plan to create inter-communal tension in the period following the fasting month of Ramadan which ended last week.

One minister in the northern state of Uttar Pradesh, the worst affected by the rioting, has alleged that there is evidence that the clashes were organised by another country which he did not name. Whether or not this is true, the rioting threatens to spread to many other cities which have large Moslem populations.

The

Walls affair has diverted attention in Zimbabwe from the case of Mr. Edgar Tekere, the Cabinet Minister who is currently being held in gaol pending trial for the alleged murder of a white farmer two weeks ago. Mr. Tekere is scheduled to make a second appeal to be released on bail today.

Moradabad in Uttar Pradesh

THE WORLD BANK REPORT

Latest projection of growth sharply down on last year's

BY DAVID DODWELL

THE World Bank's economic projections for the 1980s have been thrown awry by events of the past 12 months.

As a result, even the high case projections for world economic growth over the coming decade made by bank economists in this year's Development Report are on a par with worst projections made a year ago.

Noting an 80 per cent increase in the real price of oil since 1978 the bank economists project an annual 3 per cent rise in the real price of oil for the decade ahead. This contrasts with forecasts a year ago of no increase in real price.

Oil importers in the Third World can expect oil costs to rise from \$29.2bn (£12.3bn) in 1978 to \$57.8bn (£24.3bn) this year and almost \$200bn (£84.3bn) in 1980. As a result, current account deficits will swell—from \$27.1bn (£11.8bn) in 1978 to \$61bn (£25.7bn) in 1979 and \$104bn (£43.8bn) in 1980.

Slow growth is by no means entirely due to higher oil prices. Equally important according to the Bank is productivity growth which slowed to 1.7 per cent a year over the 1970s. They blame this on "incomplete adjustment" to rising energy costs, sluggish investment, and failure to equip workers with skills appropriate to new technologies emerging over the years ahead.

Because economies have already been weakened by the jolt of 1974:

• Because many countries are already deeply in debt;

• Because the oil exporting countries which played such an important role in maintaining demand for exports in the wake of the oil-price increases, are unlikely to expand rapidly as export markets in the years ahead.

Four policy proposals are made:

• Industrialised countries must adjust to carrying large balance of payments deficits.

• They must promote trade ("the principal means of promoting economic efficiency and growth") by opening up to imports particularly from the developing world. They must resist protectionist pressures and find alternative employment for workers displaced by cheap imports.

• They must conserve energy by introducing realistic pricing and by more efficient use of self-sufficiency.

Developing countries do not have the same capacity as the industrialised West to trim energy consumption—they are nominal consumers anyway, and need oil to speed some aspects of development. The report nevertheless calls for realistic energy pricing (Indonesia charges for petrol just 40 per cent of the world price) and increased development of indigenous energy sources.

The Bank argues that the main initiative for economic recovery must come from the industrialised world. As the main traders (accounting for 66 per cent of world trade), the main energy consumers (accounting for 87 per cent of total world production), and as the main source of capital funds

are unlikely to become substantial importers of goods made in the industrialised world unless aid flows speed development.

While oil exporters are called upon to contribute to economic recovery by maintaining a steady change in oil prices by recycling their oil profits and by maintaining imports, the report emphasises that the developing countries face difficult policy decisions if they are to alleviate poverty and improve growth.

This can best be done, the report argues, by aiming for rapid export growth (rather than import substitution, which is to be encouraged only with caution mainly as a way of achieving food and energy self-sufficiency).

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Developing countries do not have the

Reagan scoffs at mad bomb image

Moves to abolish quotas rejected

Australia to maintain textile curbs

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Government has rejected proposals for about 200,000 indirectly representing about 20 per cent of protection on textiles, footware and clothing.

This follows a year's debate on the issue. The Industries Assistance Commission (IAC), which advises the Government on tariff policy, had recommended that quotas on these sensitive manufactured goods be abolished and that tariffs be gradually reduced over a five-year period starting in 1981.

The IAC draft report when it was published a year ago, drew protests from the sectors concerned. They predicted that factories would close and jobs would be lost if the domestic industry was subject to competition from low-wage countries, especially Australia's Asian neighbours.

The clothing, footwear and textile industries employ about

100,000 people directly and about 200,000 indirectly, representing about 20 per cent of the total manufacturing workforce.

Mr. Phillip Lynch, the Industry and Commerce Minister, and Mr. Vic Garland, the Business and Consumer Affairs Minister, announced the decision on Friday after the Cabinet had considered the issues.

The ministers said the Government was not prepared to accept the estimated job losses of 11,000 beyond the expected decline in employment in the industry of 19,000 by 1983 resulting from new technology. Australia's unemployment level is currently 5.8 per cent.

The main argument for reducing the tariffs was economic. As Australia proceeds into the 1980s' resources boom it is argued that the expected capi-

tal inflow and increased export earnings will cause distortions in the economy if imports are not allowed to grow along side.

Australia already has an annual trade surplus of A\$4bn (\$1.8bn) some of which is whittled away by the cost of invisibles such as shipping and insurance.

The two ministers said Australia already provided a degree of access to its market that compared well by international standards. Imports account for 32 per cent of the Australian market for textiles, 22 per cent for clothing and 36 per cent for footwear.

The Government's decision against implementing a significant reduction in textile protection has caused some surprise here. The textiles industry is the most capital intensive of the sectors involved and would therefore result in the least loss of jobs.

The decision has disappointed the Treasury, which has been strenuously advocating lowering of protective barriers and a gradual restructuring of industry towards manufacture goods in which Australia can compete such as those with high technology or high education requirements, and to tertiary and service industries.

It will also disappoint the Trade and Foreign Affairs Departments which have to deal with complaints from Australia's trading partners and neighbours, most of whom have substantive trade deficits with Australia.

This year's federal election is likely to have been one reason why the Government did not want to risk measures which could increase unemployment. The Cabinet deferred a decision on the issue last month.

Finance for the 85,000 b/d hydrocracker will come from a mix of commercial loans, export credits and equity.

Spain has granted \$290m in export credits via the Banco Exterior de Espana and the Austrian Government has agreed to provide export credits of \$150m through its export credit agency, Credit Anstalt-Bankverein. American Express will lead a Eurodollar syndicated loan of at least \$200m, and the remaining funds will come from the Indonesian Government and Heidrich Enterprises.

The plant, which has been on the cards for several years follows decisions taken in the spring to go ahead with \$1.6bn worth of extensions to Indonesian oil refineries at Balikpapan in East Kalimantan and Cilacap in Central Java.

The three extensions, which should all be ready by 1983, will more than double Indonesia's existing refinery capacity to around 485,000 barrels per day.

The refinery will be operated as a joint venture between Pertamina, Indonesia's state-owned oil company, and Heidrich Enterprises of Austria.

Parsons and Whittemore, the UK subsidiary of the U.S. group bearing the same name, Kloeckner of West Germany and the Hong Kong-based European Overseas Development Corporation have been appointed to carry out the construction work.

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UK NEWS

European lotus eater's guide: lunch in Lisbon, scotch in London

BY ALAN PIKE

THE managing director of a medium-sized British company, depressed at the news that he is earning only half as much as his counterpart in Austria, can seek solace in whisky — which in Vienna would cost up to £8.90 per bottle.

If he prefers to drown his sorrows in instant coffee, there is even better news. The jar for which he has paid up to 94p (at January 1980, prices) costs 24.49 in Austria. Happy again, the British

businessman can leave the £75,000-£85,000 four-bedroom detached house in London which—if he could find one—would cost £178,000 in Vienna and celebrate by having his hair cut at a mere fraction of the Austrian price.

These figures, and many more, are contained in the ninth edition of the Confederation of British Industry's survey of wages and prices in Western Europe, published today. The guide is

aimed at companies establishing industrial or sales operations in Europe, and is not intended as a comparative study of one country's prices against another's.

Indeed, perhaps concerned at the use to which some of the information might be put if the guide fell into the hands of trade union negotiators, the CBI specifically warns: "What may seem to us to be astronomical pay for the skilled worker may not necessarily bring him a

better standard of living than he would have doing the same job in Britain."

While it would be unfair to make serious comparisons on the basis of the guide, its 94 pages demonstrate patterns and trends. Narrow pay differentials in Britain, for example, mean a general manager will be lucky to earn more than twice as much as a skilled worker.

In countries such as Italy, France and Belgium it is quite common for the gross

pay of senior management to be six times as much as that of skilled workers.

Norway, Denmark and Ireland all have differentials patterns more like the British one, but gross pay is higher.

The guide contains a range of information of use to companies operating in Europe and also—in areas like the cost of educating expatriate children — of value to individual businessmen and women.

Any company anxious to keep entertainment expenses under control should think seriously about moving to Portugal. The average cost of an evening meal for four people in a fashionable restaurant—including two aperitifs each, a three-course meal, two bottles of good vintage wine, coffee, tax and service—is £46-53. In Milan you will pay up to £164 and in Paris £131. And, as a bonus, the best cinema seats in Lisbon cost only 53p.

Sick pay proposals criticised

By Alan Pike

ENGINEERING employers have told the Government that they strongly oppose proposals to make companies responsible for paying employees' sickness benefits without "any remote adequate compensation."

A Green Paper has proposed that employers should, in return for a once-and-for-all 0.5 per cent reduction in their National Insurance contributions, become responsible for paying £30 per week sick pay for eight weeks of sickness in a year.

After consulting its 6,500 member companies the Engineering Employers Federation has said it agrees with the Government's stated objectives for proposing the change—to reduce Civil Service manpower and to avoid the non-taxation of State sickness benefit.

But it believes the Green Paper "entirely fails to take account of the very large cost implications which it proposes."

Typical engineering companies, says the federation, would require reductions in National Insurance contribution liability of between 1.5 and 2 per cent, rather than the proposed 0.5 per cent to compensate simply for operating the proposed new scheme.

But it would, in any case, be impossible for employers to accept a once-and-for-all compensation arrangement which could not be guaranteed to continue. The reduction in employers' National Insurance liability could be nullified in the future, while the £30 sick pay for which they were responsible might be progressively increased.

The federation also fears that the proposed arrangements would put pressure on companies to improve their domestic sick pay arrangements. It does not believe the Government has recognised the "great volume of bargaining" and the potential for conflict which will fall upon employers in consequence of every sick pay scheme being opened up for re-negotiation as a result of implementing the Green Paper's proposals."

Sasse rejects Brazilian offer

BY JOHN MOORE

MEMBERS of the Lloyd's of London underwriting syndicate once headed by Mr. Frederick Sasse have rejected an offer of \$6.35m (£2.67m) from the Instituto de Resseguros do Brasil, the Brazilian Reinsurance Institute, representing payment on the syndicate's reinsurance claims.

Additional Underwriting Agencies (No. 2), the Lloyd's company which is looking after the affairs of the syndicate, has told the 110 members that the offer by the Brazilians "is thought to be inadequate."

The syndicate has been suing the Brazilian group since 1978 to recover claims on U.S. fire reinsurance on business produced for the Sasse syndicate by a U.S. company called Den-Har Underwriters. The syndicate is facing about £16m of losses from this business, but it is successful in obtaining reinsurance payments from the Brazilians it could reduce its losses by about \$13m.

The Brazilians had offered earlier in pay \$3m "in full and final settlement," but this was rejected by lawyers acting for the syndicate who are pursuing the proposed new scheme.

But it would, in any case, be impossible for employers to accept a once-and-for-all compensation arrangement which could not be guaranteed to continue. The reduction in employers' National Insurance liability could be nullified in the future, while the £30 sick pay for which they were responsible might be progressively increased.

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Air stopover battle looms

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BATTLE for traffic on the London-Hong Kong air route takes a new turn this month, when airlines on the route apply to the UK Civil Aviation Authority for rights to pick up traffic at intermediate Middle Eastern cities.

British Caledonian Airways wants to pick up and set down passengers at Dubai, Bahrain, Sharjah and Abu Dhabi. Cathay Pacific wants rights between London and Bahrain and Dubai. Laker Airways is asking for rights to use Sharjah.

The three are all objecting to each other's applications, as is British Airways.

Grocery index shows slight fall

BY OUR CONSUMER AFFAIRS CORRESPONDENT

GROCERY PRICES in the shops in August have continued the relative stability of the past four months.

The latest Financial Times Grocery Prices Index, published today, shows a slight fall on the July index but is at broadly the same level as in May and June.

The August index stood at 128.41, an 0.5 per cent drop on the July figure. The fall was mainly attributable to the seasonally lower cost of fresh fruit and vegetables included in the shopping basket, although most other sectors in the basket

were marginally higher in cost. The index shows the trend in food prices rather than acting as an absolute indicator of price levels. It is based on data collected each month by 25 shoppers who monitor the same lists of 100 items in the same shops.

The shops chosen range from supermarkets to small village grocers spread throughout the country.

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Tractor plant jobs may go

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TRADE UNIONS fear that Massey Ferguson is about to announce redundancies at its Coventry tractor plant.

The Banner Lane factory, one of the largest in the Western world, with an output potential of 30,000 units a year, has been working at only about 75 per cent capacity.

The company warned trade unions earlier this month that even with a new contract from Iraq worth more than £40m some short-time working would be necessary to the end of October.

The management is reviewing production programmes beyond that, and seems likely to call for a cut in the 4,000-strong Banner Lane workforce.

About 80 per cent of output is exported. Its principal markets, Western Europe, Africa and the Middle and Far East, are all depressed.

The overall drop of around 10 per cent in world demand for tractors has hit much of the UK industry, causing short time and redundancies. Horse sales are expected to drop by about 25 per cent this year from 27,000 in 1979, itself a poor year.

Nearly 150 jobs will be lost at the JCB factory at Rocester, Staffs. The excavator company is to put its 1,500 workforce on to a four-day week from today.

The company said that it hoped that volunteers for redundancy and early retirement would reduce the number of forced redundancies.

It blamed the situation on high inflation and a severe decline in demand for earthmoving machinery in Britain and America.

The Bemrose Corporation is to start a short time today to prevent further redundancies in its flexible packaging department at Spondon, Derby, where 50 people will lose their jobs. Bemrose has applied to the Department of Employment for assistance under the Government's short-time working scheme.

The Right has been predicting gains in the women's section

Hopes of Labour moderates grow

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR Party moderates are becoming optimistic about the chances of eroding Left-wing domination of the party's National Executive Committee this year.

They now believe they may succeed in ousting one Left-wing member—and possibly even two—from the executive's women section, as well as replacing Baroness Jeger, who is retiring, with a candidate who could be relied upon to vote consistently against the Left.

Such a change in the women's section could alter the balance of power on the 29-member executive, seriously endangering the Left's superiority there. Voting will take place at the party conference in Blackpool, when the two sides of the party will fight over the three main constitutional issues facing Labour.

With six weeks to go, the moderates remain cautiously optimistic about defeating Left-wing proposals to change the rules for electing the party leader and writing the manifesto. But the Left is already working hard to win a sizeable majority of the 500,000 constituency party votes. Supporters of Mr. James Callaghan, the party leader, admit they cannot be confident of victory.

Mr. Callaghan's camp believes control of the NEC is far from

it is not possible to say how many seats the moderates would need to gain control

ment to the long-term fight for power in the party. But moderate hopes for success this year in the women's section are tempered by past failures and the possibility that changes in other sections of the NEC could cancel out some of the gains.

The Right has been predicting gains in the women's section

for the NEC delegation.

Voting for the delegation has been taking place over the last few weeks, and Mr. Duffy yesterday was reasonably confident that this year the moderates would have a majority of one. This would mean they would vote for Dr. Shirley Summerskill, Mrs. Betty Boothroyd, and Miss Dianne Hayter, the Fabian Society's general secretary, as well as Mrs. Shirley Williams, who is already on the women's section.

The AUEW probably would not oppose the re-election of Dame Judith Hart but, if the Right succeeds in winning control of the delegation, they could make it very difficult for either of the two most consistent Left-wingers on the women's section—Joan Maynard and Renée Short—to be re-elected.

Although the Left clearly dominates the executive, several members, though tending towards the Left, do not invariably vote with them. For this reason, it is not possible to say how many seats the moderates would need to gain control

LABOUR

Unions clash on TUC plan to end laggards row

BY NICK GARNETT, LABOUR STAFF

UNIONS AND employers meet today to discuss for the first time the draft document for a national engineering agreement for construction sites.

The draft, designed to improve discipline and reduce free-riding, sets out new negotiating structures—a national joint council and joint councils for individual large sites—disciplinary procedures and formulas for improving and measuring productivity.

It has been produced by the employers' side, principally the Engineering Employers' Federation and the oil and chemical plant operators. The unions will today be giving their initial reactions.

The construction section of the Amalgamated Union of Engineering Workers, which, with 970,000 members, played a decisive role at last year's conference. A majority of one on the union's conference delegation resulted in all its votes going to the Left on the key constitutional issues.

This year, Mr. Terry Duffy, the union's Right-wing president, believes the moderates

will include thermal insulation.

The electricians have warned that they will consider legal action against the TUC if this happens. The Central Electricity Generating Board is pressing ahead with work on the site and has asked insulation contractors to tender for the power station's No. 3 boiler. Insulation work on the No. 1 unit is being done by laggards brought in by unions other than the General and Municipal.

Units four and five have been taken out of the programme altogether. The No. 2 boiler has been operational for a year.

Insulation contractors asked to tender presumably include members of the Thermal Insulation Contractors Association.

One of the principal stumbling blocks to their acceptance is the question of what would happen to the 57 trainees sent in by other unions to replace those of the General and Municipal Workers' Union.

The normal procedure would be for the finance and general purposes committee to recommend to the TUC general council, meeting on Wednesday, that the engineering and plumbing unions be formally asked

Observer new deal practice run 'soon'

BY NICK GARNETT, LABOUR STAFF

THE MANAGEMENT of the Observer believes that it can soon start practice runs of its new printing arrangements, following agreement at the weekend by the machine-managers to accept the company's terms on pay.

The company has to negotiate pay rates linked to the new arrangements with other groups, but says that these are ready to see the new arrangements.

The machine-managers "reluctantly" accepted an instruction to agree to the company's final terms issued by the national council of their union, the National Graphical Association, under pressure from a management ultimatum that it would shut the paper in October.

The union, while it says it does not wish to interfere with further negotiations of other groups of print workers, has twice given thinly-veiled warnings that it would be prepared to defend the machine-managers if these further negotiations upset wage differentials.

This was first made clear on Thursday, when the national council, in giving the instruction

to the machine-managers, said it reserved its right to act on our members' behalf if subsequent events make that necessary.

The management was cautious yesterday about when it would withdraw the dismissal notices sent to the Observer's 1,000 staff. It implied that this would probably be done this week.

NGA officials do not expect the company to maintain the dismissal notices, while the other groups are negotiating and were disappointed that no notices were not lifted at the weekend.

The new arrangements using collect printing will allow the Observer to print four sections in one session. At the moment it takes more than one session to print 64 pages, and for 48 pages it can print only two sections in one session.

Linked to the arrangements, the complement of 35 machine-managers will rise to 48 working on the floor at any one time. For the Saturday night-Sunday morning shift they will receive £3.63 for working on a 48-page issue and £10.13 for a 64-page paper.

Pay crisis 'a threat to textile industry'

BY OUR LABOUR STAFF

THE GOVERNMENT must provide protection and greater rewards for textile workers if it is to retain credibility for its policies on wages and employment, the Low Pay Unit said in a letter, published today to the Prime Minister and to Mr. John Nott, Trade Secretary.

The textile workers are the litmus test of the Government's assertion that workers should "price themselves into jobs" and be prepared to accept change," the letter says.

"They have co-operated in a massive restructuring of the industry and have accepted exceptionally low wages. Their reward has been the continued threat of unemployment and further hardship."

A Low Pay Unit study on the industry, written by Mr. Steve Winyard, social administration lecturer at Leeds University, says that in the past 10 years, the workforce has accepted the loss of 60,000 jobs, halving the labour force.

The workers have co-operated with new investment, refrained from holding major strikes since the 1970s, and accepted wages which put them three

from the bottom in a pay league of 77 manufacturing industries.

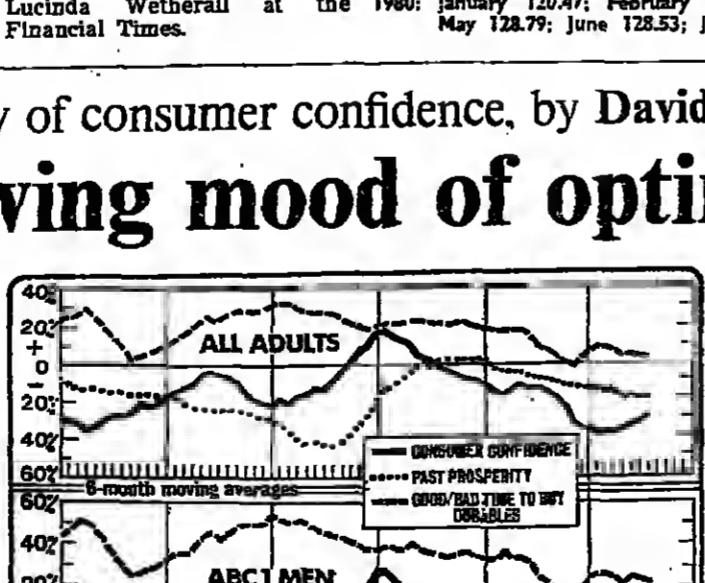
The report, Trouble Looming, argued that the textile workers have represented a "model" in terms of how the Government would like unions to behave but, partly as a result, have seen their industry shrink and families suffer hardship.

It seeks the introduction of temporary controls on the future growth of textile and clothing imports, an investigation into trade barriers operated by other countries and a new Multi-Fibre Agreement by 1982 to protect British companies.

It also argues that special provisions should be made by the EEC, and calls for further aid policy to permit all textile areas to receive EEC assistance.

The report urges management to improve marketing, production flexibility, design and wages; and advises textile unions to be tougher in bargaining.

Unless radical steps are taken, it argues, the British textile industry will disappear by the end of the decade.



However, it is clear that the improvement from historically very low levels of confidence still leaves the index at a low level. Twice as many consumers this month were pessimistic rather than optimistic.

The main reasons for the pessimists' gloom were rising unemployment, cited by 38 per cent, and inflation, cited by 32 per cent last month and minus 35 per cent in June.

However, the main reason for optimism is still the rather nebulous idea that "things must improve," cited by 47 per cent of optimists.

The results of the survey this month will be more encouraging for the Government following last Friday's sharp fall in the annual rate of retail price inflation.

Both these reasons were cited by 2 per cent more pessimists this month than in July. The third key reason was the belief that the Government was pursuing the wrong economic policies, cited by 24 per cent compared with

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Thorn's zest for alliances

AS BRITAIN'S biggest manufacturer of consumer electrical and electronics products, Thorn EMI knows only too well what it is like to feel the chill wind of Japanese competition. But recognising that Japanese success is due to technological prowess as well as to keen pricing, it has embraced with apparent enthusiasm the principle that "if you can't beat them, join them".

Thorn has been linked for some years with Victor Company of Japan (JVC), which is majority owned by Matsushita Electrical. The British company sells under the Ferguson brand name and distributes through its large rental network video cassette recorders made by JVC.

Earlier this year, Thorn agreed to promote in Europe the videodisc home entertainment system developed by JVC. It is also involved with JVC, Matsushita and General Electric of the U.S. in a joint strategy to sell the system in the U.S. In addition, it is co-owner with Toshiba of a record pressing facility in Japan.

But Thorn's link-up with Sharp, announced last month, is potentially the most far-reaching of any of the alliances into which it has entered so far. It provides for collaboration in research, development and manufacturing, as well as distribution, with a heavy emphasis on the sharing of technology.

The idea was born last January when Peter Laister, Thorn EMI's managing director, and Denis Nelli, deputy managing director, visited Sharp's headquarters in Osaka as part of a tour of Japanese electronics manufacturers. The two companies had previously had only desultory contacts. But what Laister and Nelli saw whetted their appetites.

They were particularly impressed by Sharp's achievements in applying micro-electronic technology to a range of consumer products and domestic appliances

broadly similar to Thorn's own. Their Japanese hosts demonstrated a number of products in which functions like control and switching, previously done mechanically, were performed by tiny chips. They also showed chips performing new tasks which were beyond the abilities of moving parts.

Sharp was among the first Japanese companies to recognise how the chip could be used in consumer applications to increase versatility and reliability and reduce costs. It was a pioneer of the market for electronic calculators, of which it remains a leading manufacturer despite the fierce price competition which drove several of its competitors out of the business.

In the short term, it seems unlikely that the agreement will do much to increase Sharp's exports to the UK. Thorn is due to start importing Sharp microwave ovens from Japan; but this is only an interim measure until the British company begins making the ovens under licence at its factory in Spennymoor, County Durham, next year.

In exchange, Sharp has undertaken to distribute in Japan food preparation products made by Thorn's Kenwood division. Shipments of Kenwood chef mixers will start later this year and will be sold by Sharp under its own name.

Now the agreement develops in the longer term will depend very much on exactly how Thorn and Sharp implement their undertakings to exchange licences on each other's products and to collaborate on research and development.

No specific joint projects have apparently been decided yet, and practical arrangements for co-ordinating research and development activities still have to be worked out. But at the least, the agreement should turn into a fascinating—perhaps unique—experiment in Anglo-Japanese collaboration.

Guy de Jonquieres

One of Thorn's trump cards

SHARP CORPORATION, the Japanese electronics manufacturer which recently entered into a "special relationship" with Thorn EMI, is a highly atypical member of its industry, and indeed of the Japanese business community as a whole. Apart from its technological eminence, Sharp has, for a Japanese company, a unique overseas development strategy which made it a natural candidate for the tie-up with Thorn. This consists of using technical licensing agreements rather than on-the-spot manufacture as the main weapon for selling Sharp products around the world.

Unlike rivals such as Sony and Matsushita, both of which have impressive networks of wholly-owned overseas manufacturing subsidiaries, Sharp boasts only two 100-per-cent-owned foreign subsidiaries (in the U.S. and Australia) and three companies in which it has a 50 per cent stake (in Korea, Taiwan and Malaysia). In 30 other countries Sharp products are being manufactured by companies in which Sharp has no equity stake and no say in management. What it does have is a series of renewable five-year technical licensing agreements which enables it to monitor the quality of Sharp branded products in countries as diverse as Brazil, Turkey, South Africa and the Camerons.

Sharp adopted the licensing route to overseas sales expansion some 20 years ago on the initiative of Akira Sasaki, the then vice-president, who was later to succeed the founder of the company as president. The thinking is simple: Japanese industry, says Sharp, has come under fire in the developing world for being reluctant to delegate responsibility to local managers and for a fight-tight attitude to technology transfer. A policy which achieves the opposite of this can be expected to go down well in the host country and should therefore, in the long run, be good business.

The success of technology tie-ups with local partners in major developing countries like Brazil and Indonesia seems to prove the correctness of Sharp's theory. The company arrived in Indonesia in 1970, some years after its main Japanese competitors had set up local production ventures, but now controls a massive 45 per cent of the colour TV market. This is apparently because its local partner is better at marketing than its wholly-owned Japanese competitors.

Similarly, in Brazil, the Sharp brand name dominates the colour TV market (with a 26 per cent share) and the electronic calculator market (with some 50 per cent) even though Sharp itself has not invested a

A fruitful marriage?

Its use of licensing agreements overseas makes Sharp unusual among Japanese companies. Charles Smith reports



Hugh Routledge, Thorn's negotiator of the deal, figures it out on a combined Sharp calculator and radio.

crozeiro in the acquisition of a wider range of products with local equity.

Sharp's experts in both countries are fairly thin on the ground; two Japanese technicians advise the Indonesian colour TV operation while another five are helping to produce refrigerators, coolers and audio equipment. Sharp keeps a close eye on quality control through these experts but marketing is entirely the responsibility of the local Indonesian management.

Sharp's competitors say the danger of relying on technical tie-ups is that the foreign partner can set up shop on his own as soon as he has acquired some basic know-how. The reason why this does not happen in Sharp's case, says Taizo Katsura, the director of overseas operations, is that the company always has some more know-how to offer.

Licensing agreements are tailored to match the needs of the country concerned; for example, a Sharp licensee in a small African country, such as Chad or Cameroun is likely to be turning out radios and black and white TVs from imported components, whereas the Sharp affiliate in a semi-industrialised state like Brazil will be making

goods last year (about one-third as much as Sharp itself). They also employed around 24,000 people, including 250 experts from the head office in Osaka. The Sharp group is growing steadily as the company signs up new partners at the rate of three or four per year but up to now it included no representatives from any part of the developed world. That is until Sharp announced last month that it had signed a "comprehensive" agreement with Thorn-EMI.

The Thorn tie-up, says Katsura, is exclusive in the sense that no similar relationship will be sought with any other company in Western Europe. It will also differ from the licensing agreements signed with companies in the developing world in that it will be very much of a "two way street". Sharp will start by helping the British company to make good its weakness in the area of LSIs and microprocessors while

Thorn will provide Sharp with some expertise of its own although the precise nature is uncertain.

Katsura describes Thorn as "a company with a history"—a remark which presumably implies an interest in its strongly entrenched position in the UK home market. Sharp itself recently strengthened its UK sales network acquiring a new headquarters outside Manchester for its British sales subsidiary, Sharp Electronics UK.

However, selling to Britain has been hard work partly because of flagging domestic demand and partly because of the extreme sensitivity of the British electronics industry to competition from Japan.

Just under 50 per cent of Sharp's Japanese output was sold abroad during the year ended March 1980 (slightly less than the previous period) making it somewhat more export orientated than its larger competitors.

Thus the link-up with Thorn would appear to make good sense given that Sharp becomes less vulnerable to the threat of trade barriers. This advantage is already enjoyed by other Japanese electronic companies through their heavier involvement in overseas manufacturing.

In the U.S. Sharp was one of the last of the major Japanese colour TV manufacturers to establish or acquire a domestic TV manufacturing plant. It thus

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: P.O. Box 23, Wembley HA9 SDJ. Will the Swedish Model of Industrial Relations Survive? H. G. Myrdal in British Journal of Industrial Relations (UK), Mar. 80: p. 57 (121 pages).

Identifies characteristics of the Swedish labour market which have given rise to the "Swedish model" of enlightened industrial relations: describes the movement towards socialism, and predicts the effects, particularly in the context of industrial relations, of the Meidner plan which proposes that ownership should be transferred, through compulsory share issues, to trade union collectives.

Job Enrichment: Success or Failure? S. D. Norton + others in Human Resource Management (U.S.), Winter 79: p. 28 (10 pages, chart).

Traces the evolution of job enrichment, compares it with other methods of organisational change, examines ways of increasing job content and job satisfaction, and presents a research framework to cover the crucial variables in job enrichment applications. Summarises two literature reviews that are critical of claims made for job enrichment success, looks at explanations for "lack of failure," and suggests conditions that may relate to successful implementation.

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Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

• ENERGY

Control system will reduce costs

AN ENERGY management system claimed to lop up to 30 per cent off energy bills is a principal element in an ambitious drive into the UK by a leading Dutch electrical group.

The system has been launched by the energy division of Holec UK, a small £25m revenues in 1979 subsidiary of the big Dutch Holec group which turned over £285m last year.

The UK subsidiary plans to increase turnover to £15m by 1982, of which 40 per cent is expected to come from energy management systems.

It is offering a system of modules each consisting of a microcomputer linked to sensors to detect changes in temperature, light and humidity. The microcomputer is based on a Texas Instruments process control chip and can be programmed to maintain the desired environment in the office block, factory or manufacturing unit.

Holec has figures based on the application of its system to a rotary drier for grass which indicate savings of over £23,000 a year; the cost of the module was £20,000.

A desk-top computer (a Hewlett-Packard 9845B) can be added as supervisor on the system.

The system was designed and built in the UK by a team under Melvin De'Ath, technical director.

Batteries survive shocks

NICKEL-CADMIUM pocket plate batteries tailor made for transit systems and offshore installations, are being offered by SAFT (UK), Worton Road, Isleworth, Middlesex (01-568 4468).

They are particularly suited to vehicle mounted applications in the severest conditions and are used to compensate for variations in the main power source, as standby in the case of total failure, and for engine starting.

Corrosion has been eliminated from the Saftblock range, says the company, by using Noryl which combines lightness and long life with mechanical

strength allowing the batteries to survive shock and vibration in the most demanding applications. Noryl is also totally resistant to diesel fuel and mineral oils and greases.

Two special benefits are the large electrolyte reserve (needing less frequent maintenance) and method of construction which permits on-site repairs in case of accidental damage.

Available in rated capacities ranging from 10Ah to 400Ah and grades I, M and H for low, medium and high rates of discharge respectively, thus allowing great flexibility of application.

• POLLUTION

Avoids toxic discharges

A PROCESS designed to enable cadmium electroplaters to recycle their rinse water in a de-mineralised state and totally eliminate toxic discharges has been devised by Eliminex, 11-13 Grove Road, Hounslow TW3 3PH (01-572 3878).

The treatment system can be installed on the electroplater's premises. The poisonous cadmium waste from the plating process is absorbed by a bed of ion exchange resin which is re-

placed when saturated and taken to a central plant to be regenerated. Regeneration permits the cadmium to be recovered as a pure concentrate which can be fed back into the metal production stream for reuse.

Eliminex claims that the treatment process should add not more than 10 per cent to the cost of electroplating. Where capital outlay is a problem electroplaters can lease the process.

Building and Civil Engineering

£12m Hong Kong sports centre

PRELIMINARY work has been completed on the site of the HK\$120m (£12m) Jubilee Sports Centre to be built for the Hong Kong Jockey Club. Reclaimed land adjacent to the racecourse at Shatin is to be used. A main contractor had not been appointed at the time of this report.

White Young BCEOM Consultants Asia (a joint venture between MA Fong and Associates in association with Planning Services International. Quantity surveyors are Levette and Bailey.

The scheme is scheduled for completion in early 1982.

Traffic control in Baghdad

SCOTT WILSON Kirkpatrick and Partners has now completed one-third of a three-year project to provide both a long-term transportation plan, and short-term traffic management plus urban traffic control, for the Greater Baghdad region which will have a population of 6.7m by the year 2000.

The work has involved carrying out extensive surveys covering 16,500 households, 80 per cent of employment in Baghdad

and numerous other traffic, parking and pedestrian surveys. The intention is to produce an urban transport master plan for roads, rail and water and set up the appropriate management and organisation for a local planning capability by mid-1982.

With a view to the latter, a number of Iraqi trainees have been employed in the consultant's Baghdad office and will shortly make a study tour of the UK.

• OFFICE EQUIPMENT

Copier fits on top of the desk

COUPLED WITH a television and poster campaign—not frequently found in the office copier business—Kalle Infotec is launching what it claims to be the smallest plain paper machine so far developed.

Made for the company by Ricob in Japan under a long standing manufacturing agreement the new machine, designated SO12, measures only 18 x 17 x 12 inches (460 x 432 x 320mm) and weighs 70 lb (32 kg). Warm-up time of the machine is between three and 35 seconds (depending on ambient temperature) and the subsequent copying speed is 12 per minute. It will copy originals from A5 size (210 x 149 mm) up to 216 x 350 mm (well beyond A4) and is described by the company as the first flat bed machine that will comfortably sit on the top of any desk.

In this design the whole glass plate holding the original is moved across an exposure slot; with light shining up from below, light from the original's surface is reflected back into the machine using a paper-wide line of optical fibres the re-

mote ends of which are similarly aligned across the electrographic drum.

Plain paper on the drum is thus given a charge pattern identical to the characters on the original. Finally, toner is applied and is heat sealed, producing a copy in five or six seconds.

Number of copies required is set by means of touch sensitive numeric panel (one to 99) and the number produced at any moment is shown on digital display.

Following in the footsteps of the computer industry, which has been known to "knock" IBM products and more recently, the world's car makers, Kalle Infotec at the recent London introduction of the SO12 made direct comparisons with Rank Xerox machines pointing out that the KI SO12 is priced at £1,295 while the 2300 and 2600 from Rank Xerox cost £998 and £2,399 respectively.

It is evident that Kalle Infotec, part of the £65m Hoechst group in Germany, is now taking

an overt sideways glance at Rank Xerox. But it does have other competition, notably from Nasua which will be offering the same machine and from two or three Japanese companies, such as Minolta.

It will be interesting to see if the somewhat novel TV/poster campaign which will be extended beyond LWT to ATV and Granada in the autumn at a cost of £180,000 will be responded to in any way by the other contenders.

GEOFFREY CHARLISH

• SAFETY

Control panel protection

THE PRODUCTION of explosion-proof electric control panels and distribution boards for zone one hazardous areas traditionally involves the enclosure of spark-producing components such as Minolta.

But to provide enough protection, says R. Stahl of Birmingham, the boxes can turn out to be very heavy and cumbersome.

The company has therefore launched its S145 system, and this takes a different approach. Instead of enclosing a group of the offending components in one box, each individual com-

ponent of the panel or board is protected by encapsulation in polyester resin; they can then be installed in a much smaller box of increased safety.

Size and weight are thereby reduced by over 50 per cent and the range of components that can be used to complete the package include contactors for up to 11 kW, motor protection relays, timers, motor protection circuit breakers up to 16 amps, and motor/power switches up to 100 amps.

R. Stahl UK is at Mole Street, Sparkbrook, Birmingham B11 1XA (021 772 8881).

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• MATERIALS

Improves look of floors

GOOD LOOKS, extended life and simpler cleaning operations are promised with a new surface coating for hard floor coverings developed by Hughson Chemical Company, Stretford, Motorway Estate, Barton Dock Road, Stretford, Manchester (061 563 5049).

Producing a high gloss or matt finish on all types of hard floor coverings—but wood and vinyl in particular—the coating is called Photoglass and is stated to be basically an acrylate polymerised or cured by ultra violet light.

Since no solvents need to be evaporated off, uniform layers of guaranteed thickness can be produced, it is claimed. Polymerisation can be carried out in compact cabinets occupying little floor space and requiring low energy input.

Standard roof units

HITHERTO ONLY made to specified dimensions, Siporex reinforced concrete roofing units are now to be made in standard sizes.

The manufacturers, Aerated Concrete, asserts that by incorporating standard units into their future projects, architects will not only be able to rely on immediate delivery but will be able to specify a roof design with "all the advantages of autoclaved aerated concrete at no more cost than the lower grade alternatives."

The latest units are to be known as Siporex 2000 and 3000 and will be 75 mm thick, two metres long and 100 mm thick, three metres long respectively. Widths will be standardised at 600 mm.

Aerated Concrete, which is a member of the Ready Mixed Concrete group, is producing the units at its Linford, Essex works which was opened last year and is now entering full production.

More Than Builders

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R. Mansell gets £3m

AMONG orders valued at £3m announced by R. Mansell, are projects requiring refurbishing, renovating and rebuilding.

Property Holding and Investment Trust has placed a £1m order for refurbishing and modernising 33,000 square feet of office space at 1/2, Vincent Square, London, SW1.

Work valued at £670,000 for Perak Investments is for extending and refurbishing an office block in Wildegate Street, London, E1, while Prudential Assurance has placed orders valued at £300,000 for external renovations and stone cleaning for Paramount Court and Kent House, London, W1.

Rank Hovis has placed a £220,000 contract to be completed in nine months for altering, extending and refurbishing the building at 42, Lowndes Street, London, S.W.1, and at Grove Park Hospital in south east London a £200,000 contract involves upgrading hospital kitchens.

Development project for Malawi

THE MINISTRY of Agriculture and Natural Resources, Malawi, has appointed Huotting Technical Services (in association with Sir M. MacDonald and Partners of Cambridge) as agricultural and civil engineering consultants for the Lake Shore Development Project.

This is intended to increase agricultural production over an area of about 4,800 square kilometres, with emphasis on rice, groundnuts, maize and cotton.

It also aims to raise the level of farm incomes and improve the infrastructure to that of other regions of Malawi.

The project is estimated to cost £7m (at 1977 prices) and is being financed by the European Development Fund.

Huotting is responsible for project management and technical assistance and MacDonald will supervise construction of project works and advise on constructional and agricultural plant and equipment.

Works include 100 km of new road, upgrading of 375 km of track, provision of 64 boreholes with concrete aprons and other improvements.

Another rural development project for both consultancies is the Jebel Marra in Sudan. This appointment follows a report submitted jointly by Hunting and MacDonald in 1978, as a result of which the European Development Fund agreed to provide funds for the project.

The main objective of this is to raise agricultural production in

Tyne and Wear Metro

THE Tyne and Wear Passenger Transport Executive has awarded a £45m contract for the Metro section between South Shields and Tyne Dock to Balfour Beatty Construction.

Ove Arup and Partners is the engineer for the whole of the works which is some three kilometres in length and will include a number of new structures together with the widening and strengthening of others.

Construction is to start in September and is scheduled to be completed towards the end of 1982.

For the most part, says Ove Arup, the route will follow the line of the existing single track mineral railway only utilising British Rail track for short distances at each end. From South Shields where a new station is to be constructed in part over the existing King Street Rail Bridge, the line will be carried over a road

bridge and sidings by a new viaduct which will attain a maximum elevation of 11.25 metres above ground level.

To the south of the viaduct there will be three tracks, including the realigned mineral railway. This part of the route necessitates further excavation of a rock cutting to attain required grades and achieve widening to accommodate not only the three tracks but also the new Chichester Station.

Existing road bridges on each side of the station will be replaced by one new road bridge.

From the station the route will still follow the mineral line, embankments being widened where necessary. At the southern end of the section the Metro will connect with British Rail suburban track to a new station to be constructed at Tyne Dock. The mineral line will then rejoin the existing line to Boldon Colliery.

To construct reservoir

PORTSMOUTH WATER COMPANY has awarded a contract worth about £1.8m to Biwater Shellabear for the construction of High Wood Reservoir at West End near Southampton.

This should take about 18 months and involves the construction of an open reinforced concrete raw water reservoir with total storage capacity of 135,000 cubic metres.

The reservoir is required for bankside storage from the River Itchen abstraction to overcome problems from possible accidental pollution of the river and its capacity is equal to two days' maximum output from the nearby Itchen treatment works.

Its site is complicated by the nature of the sub-soil which consists largely of low permeability silty clays which provide a soft foundation.

New headquarters planned

OUTLINE PLANNING permission to establish new headquarters on a site at Westhills on the outskirts of Aberdeen is being sought by William Tawse which says that the proposed development will represent an investment of about £2m. If planning permission is granted, it will take about 2½ years to complete the move.

In addition to the company's head office, the new site will accommodate units for plant and transport maintenance, formwork manufacture, and stores.

Steel fabrication company under Tawse management, Galileo Fabrication, will also be accommodated on the site.



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Welsh work for Mears

THE COUNTY of South Glamorgan has awarded a 12-month contract valued at £1.8m to Mears Construction for the East Moors Link Phase 1, Cardiff.

This scheme, situated in the south-eastern part of the city, will provide a link from the existing Rover Way into the industrial area of East Moors which is currently under redevelopment.

Included in the 1km length of single carriageway is the con-

struction of two elevated roundabouts and a prestressed concrete composite bridge deck with reinforced concrete abutments set on deep foundations of granular fill, over the railway lines.

Because of poor conditions the 140,000 cubic metres of imported fill material is to be pulverised fuel ash.

Fencing and lighting works are also included in the contract.

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FINANCIAL TIMES SURVEY

Monday August 18 1980

Greece

The political system is stable but a stagnant economy and high inflation are challenging the relaxed progress of the last few years.

There are pressures for social change, and problems of EEC membership have to be resolved as does Greece's future relationship to NATO.

Testing time on the way

By David Tonge

THIS SUMMER a cloud of pollution has been hovering over Athens, trapping the beat and threatening the ancient monuments. The Greeks are fond of symbolism and some have been asking if the cloud is an augury of trouble ahead. It is a question which needs to be asked as, electorally and economically, the real test of post-junta Greece is still to come—probably next year.

At the political level the Parliamentary system seems more stable than at any time since the colonels handed over power to Mr. Constantine Karamanlis six years ago.

But a stagnant economy, 25 per cent inflation and the first signs of balance of payments problems are beginning to challenge the relaxed progress of the past few years. The pressure for change is growing in a society whose structures of government, bureaucracy, official attitudes, family law and diri-

gista controls date back to the early 1950s or before.

From next January, when Greece becomes the tenth member of the European Community, these problems will be those of Western Europe. In many cases the link will be only indirect. But in one area the problems of Greece are spilling over in a way which can no longer be put discreetly to one side. This is the whole defence relationship between Athens and its allies.

In August 1974 Mr. Karamanlis took Greece out of the military wing of NATO. He saw the step as the best alternative to being forced by public opinion to declare war on Turkey. Now arguments with Turkey over the division of command and control in the Aegean Sea are preventing Greece's return.

The West's failure to put pressure on Turkey has caused the emergence within the Government of the criticism of America which has long resounded in the streets. A year ago Ministers were saying that only when Greece's relationship with NATO was clear would they define the terms on which the important U.S. bases in Greece would be allowed to operate.

Request

Now there is an increasing articulation of threats to the bases and the determination by the Government to withdraw the request for integration if the matter is not solved before the next elections.

In the past there has often seemed more bark than bite in such statements. But today they need to be taken seriously—for

two reasons. The first is that elections have to be held within 15 months and the Government is reluctant to give the anti-US card to an opposition which is growing in strength—and says it wants Greece out of the Alliance altogether.

The second is that elevation of Mr. Karamanlis to the country's Presidency two months ago is leading to greater shifts than expected. The Presidency is proving more akin to that of France's Fourth Republic than the strengthened Gaullist Presidency of the Fifth.

His successor, Mr. George Rallis, is emphasising continuity, but he himself is a pragmatist and a younger generation of Ministers has now risen to key offices. The demands of public opinion have to be listened to in foreign policy. And at home accession to the EEC and the economic problems of the country are forcing changes on them.

The most crucial and most controversial change under discussion just now is a radical reform of the whole structure of rules and regulations by which Greece has long been ruled. These police every aspect of banking, investment decisions, industrial operations and imports. Though economically inefficient, they also underpin the elaborate system of patronage on which Greek politics has long depended.

Part of the ruling New Democracy's strength derives from both those in power in Greece can, as has happened for decades, help the citizen navigate through the numerous rocks and whirlpools of Government regulations. It is this system which largely explains

the gap between the long reach of official decrees and the weakness of their grasp. It also contributes to the general ossification of the civil service.

Greek history often seems similar to one of the classical tragedies performed so strikingly in the country's open-air theatres, but with the intervals longer than the acts. It jumps from the glamourised world of Ancient Greece to Byzantium, to the war of independence from the Ottomans in the 1820s.

Recent history too has its dark interval—the seven years from 1967-74 of the junta—but otherwise there is a clear continuity from the end of the civil war in 1949.

Supremacy

The military defeat of the mainly Communist Left was followed by years of conservative supremacy. In the end this supremacy was only maintained by violence and electoral fraud, but its most important consequence was that a purged and monochrome Greek establishment came to identify reform with revolution.

The refusal to accept the change supported by the electorate in the mid-1980s led to the unrest which partially fostered by the colonels themselves, became their pretext for denying the late George Papandreu and his son Andreas their expected electoral victory.

When Mr. Karamanlis returned from self-exile in 1974 he carried all before him. As he himself said that year, it was an opportunity which would not come again. History will record how he dismantled the

junta; had the courage to accept that Greece could not determine the fate of Cyprus; ensured an honest referendum which buried the fratricidal issue of the monarchy; established and presided over a working Parliamentary democracy; set the army about its proper task of guarding against external threats and linked Greece to the EEC.

These achievements ensure him a continuing charisma. But as the years have gone by so he, now aged 73, has changed from a national to a party figure. He has also been slow to implement the social changes for which many Greeks were looking when the junta fell.

The tax reform year was to be 1975. That reform never came. That year also saw the constitution decreeing that men and women should have equal rights. But family law still denies mothers most rights over their children. When an official committee reported on the changes necessary, the Minister of Justice commented that he would not preside over the dissolution of the family. That the constitution allowed seven years for the change does not alter the fact that in general reform has been at a glacial pace, that civil marriage has yet to be introduced and the Church has been able to prevent a permanent liberalisation of the country's rigid divorce laws.

Public services remain poor and education starved of resources. Technical colleges have been introduced and, an important development, the demotic language has displaced the artificial Katharevousa beloved by traditionalists. But nonetheless only one applicant in five finds a place in Greek universities and a quarter of Greece's university students are to be found in colleges abroad. The security forces remain heavy-handed and openly in favour of the Right.

Such criticisms explain the continued rise of the opposition.

But the Cassandras often neglect

the degree of prosperity visible all around. Through the centuries the Greeks' entrepreneurial skills have defied the pace of the textbooks. Entry to the EEC is liable to make the largest demand yet on these skills. But the extent of the stakes which many Greeks have in the continuation of today's situation is a strong reason why the present Government may be hard to dislodge.

Elections have to be held by November, 1981. The general forecast is that the Government will want to put entry to the EEC behind it and to establish its identity before going to the polls.

The expectation is thus for voting next summer or autumn—unless the Government chooses to make an issue of the U.S. bases and ride Mr. Andreas Papandreu's nationalist borse.

CONTINUED ON NEXT PAGE



greek exports a triumph of quality

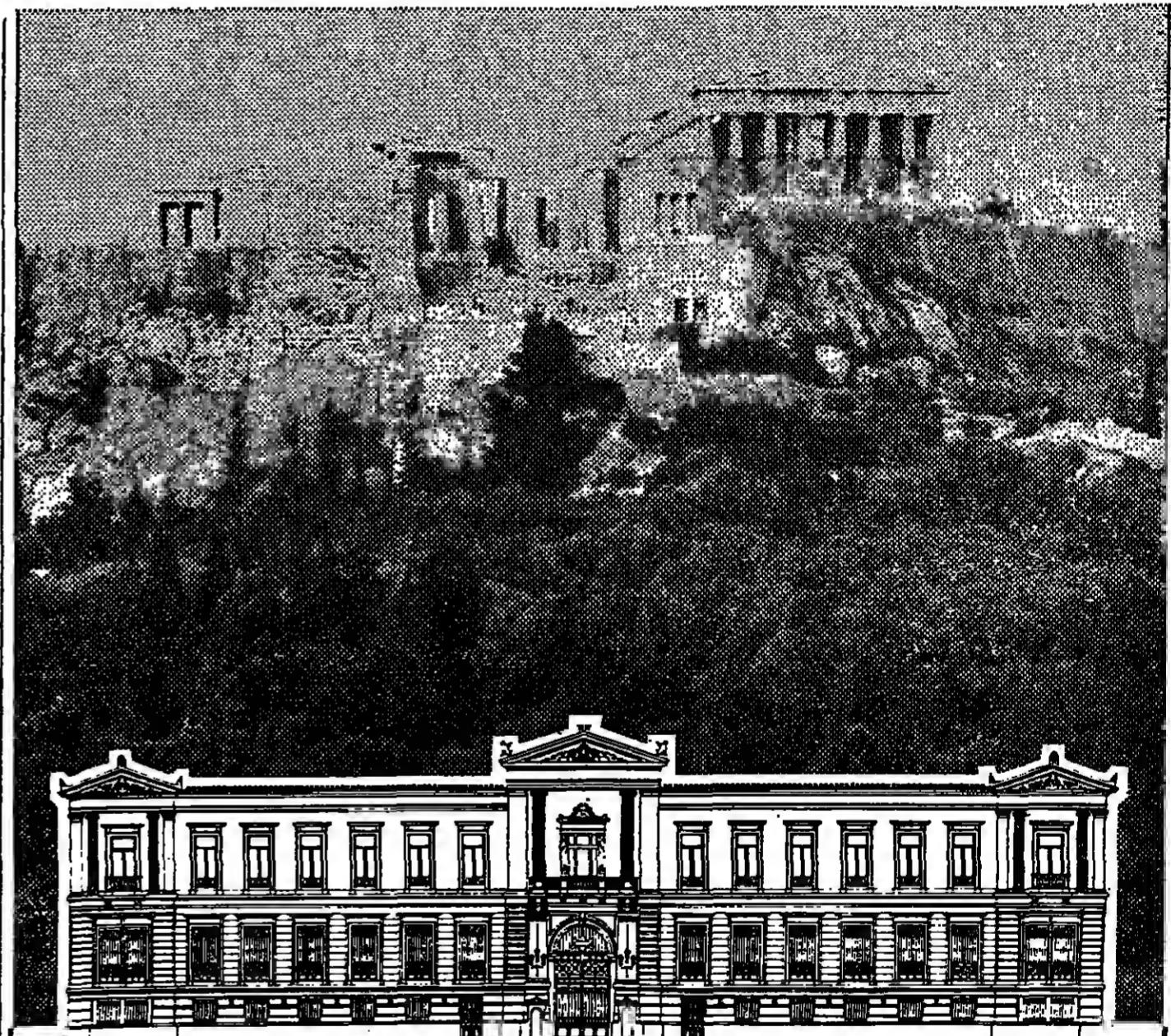


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Country takes a lively interest in foreign policy

IRAN, AFGHANISTAN and, across the border, the death of Tito, have caught the headlines. There has also been a change of Prime Minister and an ending of the days when Mr. Constantine Karamanlis treated his country's Foreign Ministry almost as a secretariat.

Yet Greece's foreign policy remains largely unchanged. This in itself is little surprise: Athens has long predicated its policies on its unresolved disputes with Turkey rather than on wider global issues. But it masks the seriousness for the West of a situation which, by next year, could have Western chancelleries asking why they allowed matters to drift beyond their control.

Comments

Greece has long been remarkable for the extent to which foreign policy is domestic politics. Before the 1977 elections one-third of those polled by an Athens daily newspaper named an item of foreign policy as the most important election issue.

There were some sad comments at the time that the proportion was low and reflected a sign of decadence. Yet, by Western European standards, it is a striking indication of the extent to which foreign policy has to be conducted in the full glare of public attention.

This remains the case today when any suggestion of discussions with Turkey on the Aegean causes the Opposition to ask if the Government is preparing to bargain away Greece's sovereign rights. It also means that almost any move by Washington or Western Europe is subject to far more intense scrutiny and debate than is appreciated abroad. This is particularly the case when it involves helping Turkey at the expense of Greece—as West Germany did recently.

The extent of this sensitivity over foreign policy is one of the three areas where the EEC's next member differs fundamentally from the rest of the Community. The second is in the intensity with which the Greeks believe that moralism is

the proper context of foreign policy.

On this subject they will even cite Mr. Bulent Ecevit, Turkey's former Prime Minister, who said that whereas Turks thought that private life was the appropriate area for ideals and public policy for realism, the Greeks were realistic in their private dealings but idealists over foreign policy.

The third, and perhaps most crucial, is that whereas the major West European countries have a tradition of imposing their will abroad, Greece's experience is the reverse. It was occupied by the Ottomans and the Nazis. It had to fight its war of independence. And there is a general perception that its recent record of seven years of dictatorship and of the loss of national pride in Cyprus is in some way to be attributed to the U.S.

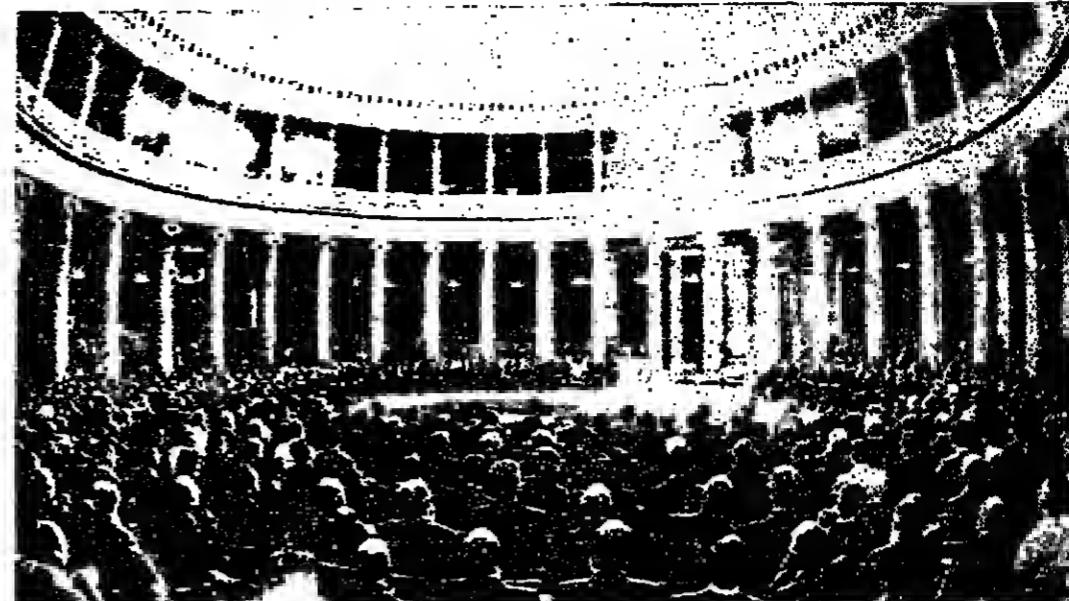
One consequence of this is that the average Greek sympathises more closely than do most West Europeans with the struggles of, say, the Sandinistas in Nicaragua and that they often vote with the Third

World at the United Nations. There is thus, for instance, nothing in the European initiative on the Middle East that they would find hard to accept. But a second consequence is that there is less willingness than in many EEC countries over accepting the U.S. lead in East-West relations.

The Greek Government never followed President Jimmy Carter's calls to boycott the Moscow Olympics. If that may have been largely because it would like the Olympics to have a permanent (and non-political) home in Greece, it is also true that Greece is far more worried about problems with its putative ally, Turkey, than with the Soviet Union. Only last year, for instance, it allowed Soviet merchant ships and naval auxiliaries repair rights on the island of Syros.

Subdued

Within Greece the debate on its membership of the EEC is much subdued. The treaty of accession was signed last year and from next January Greece will be the EEC's tenth member.



The signing ceremony of Greece's Act of Accession to the EEC in Athens last year

Mr. Karamanlis, now the President, sees this as one of his major achievements. Further, the constitution allows him to block the referendum for which his opponent, Mr. Andreas Papandreou, continues to call.

Mr. Papandreou insists that he remains opposed to Greece's membership, but is now making

it clear that were he to become Prime Minister his party would find some form of co-existence with the Community.

He says that he wishes to

have a special relationship which would protect Greece in the fields of trade and capital movement. He cites the EEC's accord with Yugoslavia as what he would have favoured. But he also says that he will work within the EEC at all levels and that he will co-operate with Spain and Portugal to help build a Mediterranean counterweight to the industrialised north in

the Community.

However, positive relations with the EEC, relations with NATO and the U.S. remain unresolved and it is here that the threat to the West lies. On the one hand there is the problem that NATO has still not been able to work out a formula for Greece to return to the military fold of the alliance. Mr. Karamanlis withdrew Greece's forces from NATO command in August 1974, seeing this as the best alternative to waging the war with Turkey for which public opinion was pressing.

These elections are bound to lead to an increase in Mr. Papandreou's vote. If he fails to gain power it could be hard for a weaker version of the present Government to withdraw its request for re-integration before the next elections. This, he says, would mean that there would remain no purpose for the bases to stay in

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Faltering economy in need of radical handling

THE GREEK economy is faltering. It has done so before—in 1974 when long years of mismanagement by the Colonels and the effects of the oil price rise combined with the uncertainties following the fall of the junta. But this time the underlying situation is more worrying.

Four months before the country is due to enter the EEC, output is stagnant if not declining, inflation is around 25 per cent and the current account deficit is expected to approach \$2.5bn, or 5.5 per cent of GNP. Greece, which for years has had an enviable record of virtually no unemployment, now faces a considerably rising number of jobless.

The approach of elections next year and the continuing rise of the opposition party, Pasok, increase the pressure on the Government to set the situation to rights. But the problem is that the need is not longer for a simple tinkering with the controls.

A recent confidential report by the International Monetary Fund observed that the Greek Government has been "less effective than intended" in implementing its policies to control inflation and limit its trade deficit.

But the Paris-based Organisation for Economic Co-operation and Development, in its annual survey of the Greek economy to be published next month, goes further. It warns that the

balance of payments "will constitute a major constraint on the growth of domestic demand and reduce further the economy's long-term growth potential" unless exports are increased.

It says that altering this will require raising the share of investment and it observes that the investment climate has to be improved and profits from productive as against speculative activities increased if Greece is to respond to the challenges of entry to the EEC.

Over the years the Greek economy has built an impressive record of growth. The country ended the 1940s devastated by a decade of war, Nazi occupation and civil wars. However, through much of the next quarter of a century growth exceeded 7 per cent each year.

Workshops

In many ways the growth was unusual. Manufacturing tended to lag, being characterised by the growth of a few large plants and the survival of the huge number of workshops which provide the backbone of industrial employment. An unusually large service sector developed, largely because of tourism. Shipping and emigrant workers' remittances became an important factor in the balance of payments, and growth was largely concentrated in the Greater Athens area. This now contains over one-third of the population and one-half of its manufacturing capacity.

Some of these characteristics were evident in Italy and another factor the two countries have in common is the development of a flourishing black economy. When the bank clerks came out on strike recently it was largely against Government measures which would have changed their work times and prevented many from doing a second job.

The widespread practice of second jobs is only part of the plethora of activities which cause the unofficial economy to be equivalent to no less than a further 25 per cent of the GNP. The extent of speculation in goods and land adds to the pressure on prices. Most of the earnings from these activities, like the important agricultural sector, are untaxed.

It is this which explains why even today, when non-agricultural sectors are in general showing a decline in output, conspicuous consumption in boutiques and night clubs remains high.

These regulations now control every aspect of banking—and through them influence invest

ment decisions. At one conservative estimate there are 82 separate bank lending rates established by central fiat. At the same time there are numerous regulations concerning the amounts that can be lent to certain sectors and there are also stringent compulsory reserve requirements.

Under its treaty of accession, Greece is committed to making the captive drachma largely convertible by the end of 1988. It is also required to introduce an inter-bank exchange market by the end of this year. The first steps in this direction are being taken later this month when a managed market is to start operations on a trial basis.

This market is to be phased in during October to take the place of the existing system whereby the Bank of Greece each day fixes the value of the drachma against the currency of Greece's main trading partners, according to Professor Xenophon Zolotas, Governor of the Bank of Greece.

The question of dismantling the remarkable series of banking controls which Greece has built up over the past 30 years is proving far more controversial. Like most countries in the post-war period, Greece, which had suffered hyper-inflation and civil wars, introduced a series of strict banking regulations. But in the mid-1950s Greece decided that these temporary measures could become permanent instruments of development policy.

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Community Markets

The IMF has joined in the calls for freeing interest rates and the Government's own programme commits it to move in this

GREECE III

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Industry must gear to EEC

THE INTEGRATION of Greece into the European Community will confront Greek industry with problems of adaptation which will be more complex than are generally admitted.

The Greek Government expects substantial advantages for the economy as a whole, although at a cost to several parts of its industrial sector. It argues that as an associate member of the European Community since 1962, Greece has gained considerable experience.

Rapid growth in industrial production and rising exports to the EEC are cited as evidence of the competitiveness of Greek industry. The Government believes that the customs union has more or less been achieved, the difficulties have been solved to the benefit of industry, and that the next logical step in the progress of the relations between Greece and the EEC should be full membership with all its advantages.

The EEC Commission, on the other hand, is more sceptical. Despite the undeniable success of its industrialisation policy in the past 20 years, Greece's industry still suffers from considerable weaknesses in comparison to most of the member states of the EEC. The reasons for this are to be found mainly in structural deficiencies: unbalanced sectoral development, great regional disparity in industrial production and the shortcomings caused by the predominantly small-scale of Greek manufacturing. The result is a growing trade deficit which is worrying Greek officials.

Almost 40 per cent of all enterprises and 50 per cent of the total labour force in industry are concentrated in the Athens/Piraeus area. Moreover, the predominance of artisan enterprises is typical of the structure of Greece's industry: about 95 per cent of all enterprises have fewer than 10 workers. Only the basic metals, tobacco, paper, textile and chemical and petro-chemical industries may be considered medium- to large-scale industries.

Ministry of Industry figures show that today there are about 2,600 industrial units in Greece. The 120,000 small- to medium-sized businesses also play an important role. Industry and

small-medium manufacturing businesses employ about a quarter of the total labour force.

According to Mr. John Piparoglou, general secretary of the Federation of Greek Industries and managing director of Greece's largest maker of electrical appliances, there will have to be considerable restructuring of Greek industry.

"There will be traumas. Most companies whose operations depend mainly on local raw materials and a transport or local market advantage will survive. But others will disappear or will combine with bigger European companies. There are major opportunities for foreign firms to buy into Greek firms," Mr. Piparoglou says.

The share of industrial products in total exports to the community rose from 1.8 per cent in 1962 to 81 per cent in 1979. The EEC now takes almost half of Greek industrial exports, but a recent survey conducted by the Federation of Greek Industries revealed that nearly 50 per cent of exports are undertaken by only eight companies. Most industrial exports are relatively unfinished products such as aluminium and nickel ingots or cement.

The share of industrial exports to the EEC in the Community's total industrial imports is no more than 0.5 per cent, while in the case of textiles, often the subject of considerable controversy, it is roughly 1.5 per cent.

Liberalised

Greek industrialists say that in a number of cases Greek exports to the EEC are impeded by quotas, countervailing charges and other administrative measures. However, according to a study by the German Development Institute (GDI), full membership will not bring a tariff-induced increase of exports to the EEC because the EEC has already liberalised trade with Greece.

On the other hand, tariff protection vis-a-vis the EEC is still so high today that the pressure of imports will start to make itself felt only when further tariff reductions take

place by 1984. The full application of the common customs tariff is not yet completed in the existing branches of industry in Greece.

The adjustment to the EEC will entail substantial reductions in tariffs vis-a-vis imports from Third World countries.

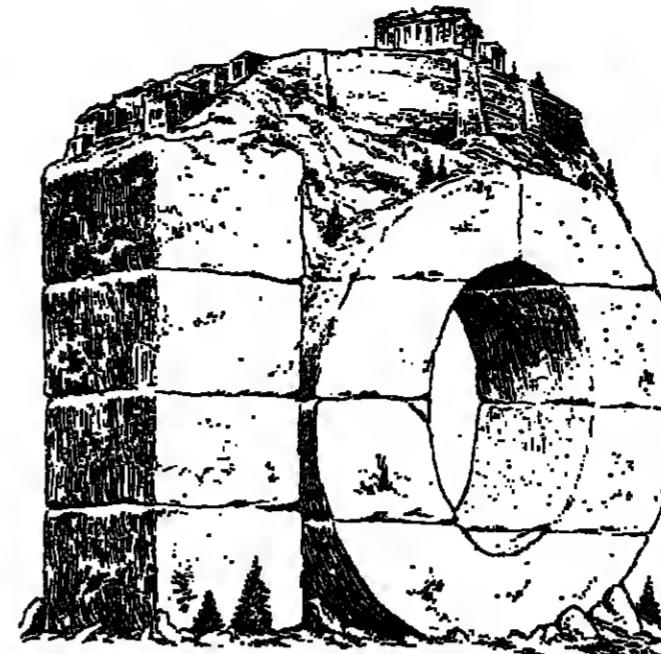
This will mean increased pressure on Greek industrial manufacturers. The tariff-induced import increases will probably lead to production cutbacks in Greece's traditional industrial sectors.

If there is any truth in the assumptions then the rising pressure of imports will lead to corresponding drops in production and that specialisation will entail rationalisation of production, then Greece will be confronted with growing unemployment in the coming years," the GDI study said. It said that even if half of the artisan enterprises survive, about 120,000 jobs will have to be created.

It added that the pressure of imports from the EEC and third countries will not be so much of a problem for large concerns which are already competitive today by international standards, but one for the medium and especially small-scale industry. The sectors expected to face the greatest difficulties after enlargement are transport equipment, mechanical and electrical engineering, and, to a lesser degree, chemicals.

Perhaps even more important than the lifting of the last Greek tariffs will be the dismantling of non-tariff barriers. The Community told Greece last month it was dissatisfied with these barriers which are affecting imports from the Community. Most quantitative restrictions will be abolished immediately after accession to the EEC: excluded are 14 products (including fertilisers, pumps, boilers, television sets, certain electrical goods and cars) on which quotas will be increased gradually before full phase-out at end-1985.

Further, for certain industrial goods Greek importers have to deposit a non-interest-bearing amount of up to 100 per cent of the import value for six months. The import prices are therefore raised by the percent-



The tenth member of the EEC, as seen by Euroforum, published by the EEC Commission

electrical equipment.

In the past, direct foreign investment has played a substantial role in the expansion of the industrial sector because it was mainly carried out in sectors which were underdeveloped in Greece up to then. The achievement of export quotas for approval of direct investment in the traditional

N. J. Michaelson

Church in a power battle

ROUND FOUR between the Greek Orthodox Church and the State is due to start this autumn. So far the score is 2-1 to the State. The latter has managed to ease anti-abortion laws and establish diplomatic relations with the Greek Church's great rival, the Vatican. But it had to back down in its attempts to introduce a permanent liberalisation of the country's austere divorce laws. In the end all it could do was put on the statute book for a mere six months a law allowing divorce without consent—and only to couples already separated for six years.

The forthcoming battle with the Bishops is more serious as it could deprive the Church of one of the central props of its influence—the fact that in Greece no christening, marriage or burial is possible without the Church. Now the Government proposes to introduce civil marriage. It is a crucial move, both because atheists cannot be married in Greece and because of its long-term implications for the Church.

Greece's repeatedly revised five-year plan—originally due to cover 1976-1980, then rewritten to span 1978-1982, and even today only partially published—says that in a country like Greece with a limited local market and relatively reduced technological standards, the import of foreign capital and modern technology is necessary for the efficient mobilisation of available productive resources.

Foreign investment capital imported into Greece since the inception of investment law 2637 in 1953 totals nearly \$1.5bn. The chemical, petroleum and coal, and the basic metals industries have represented the largest attractions for foreign capital, between them accounting for more than \$600m of the total \$940m invested in industry. Of secondary importance have been the sectors of shipbuilding and electrical machinery and telecommunications, accounting for a further \$150m.

The most important sources of foreign investment in Greece have been the U.S. (accounting for 22 per cent of the total investment capital actually brought into the country), France (15 per cent), West Germany (5 per cent) and Italy (3 per cent). In 1974 foreign companies owned 20 per cent of the assets of the top 100 Greek companies with the share rising to 62 per cent in basic metals and 30 per cent in chemical and

parties support. But in causing these delays it is to some extent stoking the flames of its own funeral pyre. Its prestige suffered enormously from the close links it kept with the colonels' junta. Since then its synod has been racked by doctrinal and personal quarrels. There have been accusations of scandals in the management of church properties and photographs published of a bishop and an actress—naked.

Other Western churches have responded to the decline in church attendance by seeking to give their policies greater social relevance. The Greeks have done the reverse. For example, they consider Jehovah's Witnesses, for their conscientious objection to military service as "terrorists who should be shot." The Archbishop himself has shown himself open to the world, last year writing for instance to the heads of the churches of the EEC.

But this summer saw little progress in an attempt to encourage greater co-operation between the Orthodox and the Catholics. The churches of the eastern Rome and Rome itself had their great schism in 1054. Since then they have had only a short-lived period of agreement, following the Council of Florence in 1439. Today they remain divided.

Besides introducing civil marriage, the Government is also proposing to take on the cost of the salaries and pensions of the clergy in exchange for four-fifths of the Church's assets. This too is being opposed by the conservatives in the synod. But gradually their protests are beginning to echo as hollowly as the corridors in Greece's emptying monasteries. The decline, which is common to all Greece except the theocratic State of Mount Athos, the holy peninsula in the north, is general and historic. It is hard to see how it can be reversed.

Yet to stress the speed of the decline would be a mistake. The Greek Orthodox Church remains a force to be reckoned with.

David Tonge

It is in such battles that both the influence of the Greek Orthodox Church and the reasons for its declining prestige become apparent. The influence stems from the Church's power as the religion of the State: Greece is the only country with a constitution officially recognising Orthodoxy. It still has its historical appeal of having kept alive the flickering flame of Hellenism during the long centuries of Ottoman occupation—as it does today among the Greeks of the diaspora. And it remains the country's largest landowner, with assets estimated at \$1bn.

All these and the power it has over the rituals of birth, marriage and death explain its ability to delay the social changes which all political

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A dynamic institution at the service of Greek workers

The Manpower Employment Organisation (MEO), in view of Greece's entry into the European Community, has undertaken among its other activities, the task of turning out a skilled labour force able to contribute, in the measure required, to the country's economic development.

A skilled worker means better quality and higher productivity and consequently greater progress in the economic and social spheres.

VOCATIONAL GUIDANCE

MEO's Vocational Guidance Departments, with branches throughout the country's cities and towns, helps youngsters to choose occupations best suited to their aptitudes and for which there is a demand in their particular area, thus eliminating any unemployment problem that may arise.

VOCATIONAL AND TECHNICAL TRAINING

MEO provides vocational and technical training to the greater part of the Greek labour force. More specifically, unskilled workers ranging in age from 18 to 46 are trained to become specialists in various trades.

Thus, thousands of Greek workers who, without such training, had to content themselves with the relatively low wage of unskilled worker, are now able to increase their earnings and improve their positions socially as well. It is to be noted that these unskilled workers do not have to pay for such training but receive an unskilled worker's wage during the entire training period with social insurance coverage provided free of charge. At the same time, the MEO's Training Schools and Apprenticeship Centres absorb a large number of youngsters between the ages of 14 and 20 who have finished school and who either do not wish to or are unable to continue their education at higher seats of learning (Universities, Polytechnics, etc.).

These Schools and Centres, which function in all Greek towns, turn out thousands of well-trained and highly skilled technicians.

FINDING JOBS

Through its local services, which function throughout the country, MEO finds jobs every month for a large proportion of unemployed workers in Greece who, fortunately, are very few since Greece has the lowest unemployment percentage in the whole of Europe. The Manpower Employment Organisation is constantly expanding, improving and modernising its services. It sets up local offices in new areas, brings up its training programmes to EEC levels and is constantly establishing new Schools and Centres.

Labour troubles continue

It has been a difficult year on the labour front and further problems may be ahead. This year so far the banks have been shut for 38 days, shops and schools closed and the electricity company was brought to the brink of a crisis by labour disputes.

A bitter winter is predicted. Last year, Government attempts to hold back wages led to a substantial erosion of real incomes. This year the authorities have successfully imposed wage restraint in most of the public sector, with the strikes generally reflecting the unwillingness of other workers to accept a further fall in living standards.

The vigour of the strikes is in marked contrast with the fact that the official Greek labour movement is one of the weakest in Europe. It has suffered decades of political interference. The International Labour Organisation has recently been criticising the lack of protection of Greek unionists from dismissal.

This and earlier complaints by the ILO at working conditions in Greece and the absence of safety controls reflect the limited interest of the official trades union confederation, GSSE, in challenging a Government on



The mules which carry tourists up the 900 steps to the town on the volcanic island of Santorini. Last year the mule drivers went on strike to back pay demands

whose patronage its leadership largely depends.

The labour centres affiliated to the GSSE recognise unions, largely on political grounds. In the case of shop employees, a right-wing union with 500 members is embedded with the labour centre of Athens, while a Left-wing union with 5,500 members has no official representation.

Readiness

The GSSE says that this is because it wishes to discourage any further fragmentation of Greek unionism—but itself is keeping on the stocks building and hospital workers confederations, in apparent readiness to challenge the existing confederations controlled by the Left.

The degree of politicisation of the labour movement appalled a delegation from

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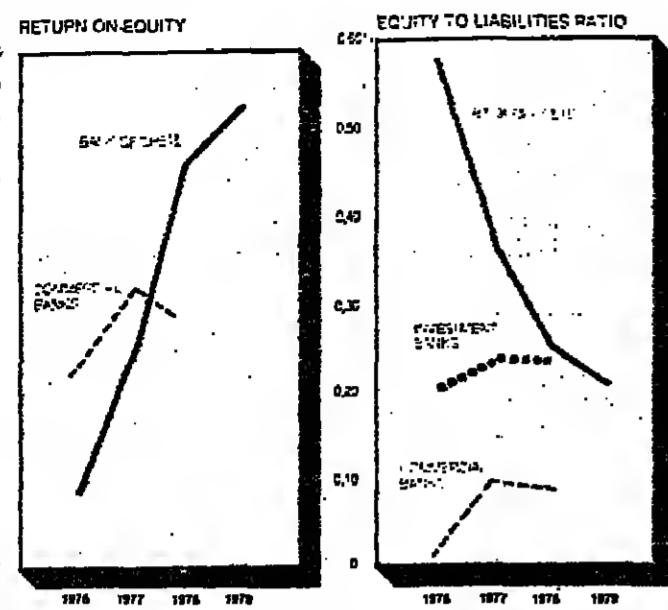
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COMPARATIVE STATEMENT OF ACCOUNT 31.12.78 AND 31.12.79

In Million Drachmae	31.12.79	31.12.78		31.12.79	31.12.78
Cash deposits with local banks	7,563	2,185		1,204	602
Foreign Banks	1,734	1,154		2,247	732
Deposits with Bank of Greece	2,750	1,468		662	486
Interest-bearing Greek Treasury Bills	12,709	10,593		10,820	4,823
Loans and Advances	30,981	26,052		27,558	23,386
Securities	1,778	1,717		11,462	10,853
Real Estate and Office equipment (less depreciation)	800	756		6,776	4,173
Sundry Accounts	2,414	1,130		60,729	45,055
	60,729	45,055		35,210	28,057
Contra Accounts	35,210	28,057			
	95,939	73,112		95,939	73,112

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GREECE IV

Banking reforms make slow progress

GREECE'S COMPLICATED banking system is the key to the country's economic development, and looking at the way that high growth rates were sustained through the 1970s it would appear to have unlocked the door to prosperity.

But in fact Greek bankers and Ministers in the three-month-old government headed by Mr. George Rallis now generally agree that the banking system is in need of a major overhaul. If anything, the key to the economy is locking out the changes now urgently needed to streamline Greek industry in the 1980s.

Greece has a highly centralised, indeed top-heavy, banking structure where just three banks account for three quarters of all banking business. One, the National Bank of Greece, mops up 60 per cent of all deposits. The monolithic character of the system not unnaturally tends to reduce competition, but it is the awesome array of State controls and government-decreed interest rates for different types of business that most stifles the banks' flexibility.

A decision-in-principle to liberalise banking controls that range from the around 100 different interest rates and over a score of loan rates has been taken by the Government. But the real issue of how best and how quickly to effect the reforms has so far done little more than highlight a potentially embarrassing split inside the Rallis Government on the wisdom of changing a financial structure that has all the strength of tradition.

With full membership of the Common Market on October 1, 1981 now less than six months away and general elections due to be held by November of that year during a deepening economic crisis, the pressures for

radical change are powerful. The ruling New Democracy Party must in any case introduce a variety of financial reforms to comply with EEC demands, while on the electoral front a sound case can be made for demonstrating that the present government is a tough and resourceful crisis manager on economic questions.

Yet the counter-pressure for proceeding slowly with any banking reforms are also very strong. The elder and most senior figures in the Rallis Government helped build the present edifice of controls, and used them as a dirigiste instrument for accelerating the difficult process of Greece's post-war industrialisation. They find it hard to dismantle a tried-and-tested system, while the chief architect of the structure, Prof. Xenophon Zolotas, is still Governor of the Central Bank of Greece.

Caution

Prof. Zolotas recently told the Financial Times of the need to proceed with caution on the complex task of reform, and indeed the lack of urgency with which an important executive committee that would oversee the work has been formed suggests to outsiders either inertia or delaying tactics.

Some related steps are under way, however. As a first move towards freeing the captive Drachma and allowing it to become fully convertible with other EEC currencies, an interbank foreign exchange market is to be launched on August 27 and after a period of dummy operation will work from after October as a means of fixing the Drachma's value on the basis of "authentic" (meaning non-speculative) transactions.

Senior bankers in Athens are

sceptical that full convertibility will be achieved by the end of the five-year target date, but the controlled inter-bank foreign exchange market is nevertheless a major move away from the present system under which Drachma exchange rates are fixed by the Government against a trade-weighted currency basket.

A second move, aimed at diminishing the negative effects of Greece's exchange controls regime, also has been made: foreign deposits held by Greek nationals—which because of the international nature of shipping and the large expatriate community are estimated to total \$15bn and upwards—are to be lure home by specially attractive interest rates.

Yet these changes have so far touched only the periphery of the problem. Under the present system Greek companies have radio finance their own trading operations—and the liquidity-needed fund credit for their sales has cut severely into industrial investment spending. Even during the high growth years of the mid-1970s, when GDP increased by about 6 per cent, investment was worryingly stagnant. A free interest rates market, where the best propositions or projects attract the best rates, and greatly-increased access to international sources of finance for the banks themselves, is increasingly urged as a solution.

The Greek banking sector is made up of the Big Three State-controlled commercial banks, four lesser State-controlled banks, three privately-owned banks and fewer than a score of foreign banking operations. Apart from the predominant National Bank of Greece, all the domestic banks have failed so far to spread their wings outside Greece and have relied heavily on the traditional cor-

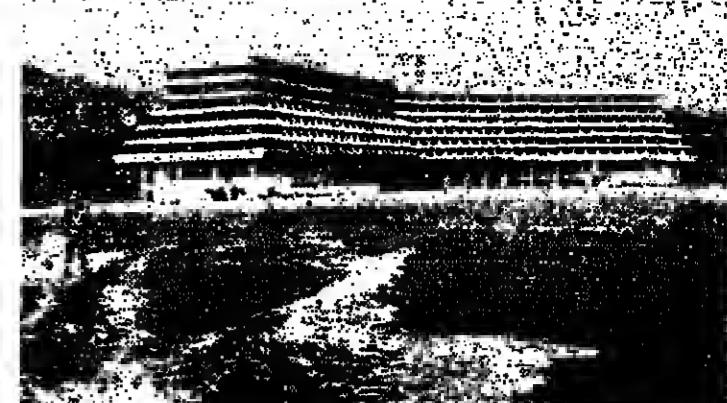
responding system. The need for them to widen their deposit base and boost their lending through tapping the medium-term Euro-market and the inter-bank Euro-currency short-term market is more and more being stressed by Greek economists.

Indeed, the National Bank of Greece now plans an ambitious increase in its international presence. The bank's newly-appointed Governor, Mr. Efthymios Christodoulou, aims to boost international business currently handled through the bank's 40 various units abroad from the present 10 per cent of total business to 40 per cent during the 1980s. At today's values, that would mean lifting international business from about \$1.2bn yearly to more than \$5bn.

Significantly enough, one of Mr. Christodoulou's reasons for the international drive is the need to reduce the National Bank's overwhelming dominance of the banking sector and so encourage competition and growth in the smaller banks.

The National Bank of Greece is also attempting to tackle the problem of inadequate investment funding for industry with the setting up of its National Investment Company, which is intended to represent an "objective and coherent approach to stimulating investment," and which could be a pilot for further units of the same time floated by the bank.

Among the new generation of up-and-coming Greek Government Ministers—the "progressive" element of Mr. Rallis' Cabinet—there is nevertheless a view that the streamlining of the National Bank must be hastened. Mr. Ioannis Boutos, who holds the pivotal economics post of Minister of Co-ordination, believes that the liberalisation of interest rates will ensure the reorganisation of the National Bank by producing



Waterskiing at the new Porto Carras holiday resort, on the Halkidiki Peninsula

Drop in tourists

TOURISM, THE country's top foreign exchange earner, may be on the threshold of a lean period likely to affect an already gloomy balance of payments picture.

Official figures for the first half of the year show that tourist arrivals were down by about 12 per cent. Hotel owners report reduced bookings even for the high season, which is usually marked with overbookings, and estimate the decrease for 1980 could finally be 15 per cent below last year's total of 5.5m tourists—this in the context of an annual average increase of 12 per cent in recent years.

Hardest hit by the slump are the hotels in Athens, which report that business is down by almost 30 per cent, and cruise companies, many of which have had to tie up ships for lack of business. The only exception is the Dodecanese island of Rhodes which has so far managed to chalk up a 15 per cent increase in tourists.

Mr. Sotoulias attributes this to the fact that Rhodian hotel owners did not increase their prices to the maximum level permitted by the National Tourist Organisation, and so could offer cheaper packages than other resorts.

N.J.M.

in order to meet EEG requirements.

In the field of interest rates there is the urgent question of abolition of Greece's subsidised export credit rate—which currently stands at 10.5 per cent in contrast to the "commercial" rate of 24 per cent ordained by the Government.

Giles Merritt

responsibility watered down and are anxious to see that other clauses are not inserted which might damage the competitiveness of the Greek fleet. They want the regulation of the ship to lie with the flag-State rather than the port State.

The Greek shipping authorities are well aware that since they belong to the EEC the Greek merchant navy will be the largest fleet within the Community and the EEC as a whole will control a third of the world's shipping. This will provide important political advantages. But it will also carry responsibilities and Greek ships will be one of them.

The EEG, for example, had been planning to give pilots greater responsibility to say which ships can or cannot enter port. The Greeks want this

William Hall

Shipowners have to face responsibilities

Shipping is a way of life, a large part of the success is due to the relatively cheap and hitherto adequate supply of good quality crews.

On top of this, many West European owners insist on operating brand new ships. But Greek owners have often bought secondhand vessels. Financing costs are lower and the profits on astute buying and selling of ships have bolstered their financial reserves. In fact, over the last couple of years there has been far more money to be made in buying and selling ships than in purely operating others.

Although it is difficult to measure the total size of the various national fleets because some ships are registered anonymously under flags of convenience, Greece's Ministry of Mercantile Marine believes that the Greek fleet is now the largest in the world.

The other reason for the success of the Greek shipping fleet stems from its privileged position in the Greek economy. Greek owners paid only \$36m in taxes last year and many outside observers, particularly in the OECD, believe that the Greek shipping sector could easily make a greater contribution to the domestic economy.

Nevertheless, the rapid growth and success of the Greek merchant navy in recent years has not been without its problems, the most acute of which has been the developing shortage of good quality crews.

The pressure to recruit more seamen has manifested itself in a number of ways. In some cases crew standards have been dropping and wage rates have been rising, which has substantially eroded Greece's competitive advantage.

According to the Bank of Greece, a ship's master now earns 110,000 drachmas per month and a chief engineer the same. This works out at around £13,300 per year, nearly the same as British levels.

The rise in Greek seamen's wages means that in many cases Far Eastern operators are able to crew their ships more cheaply. One solution has been to recruit more non-Greeks as seamen on Greek ships, but this is meeting with some opposition from the Greek trades unions. Another problem which has resulted from the rapid growth in the Greek merchant navy is that its safety record has deteriorated. This is a complex subject and the Greeks are naturally sensitive to accusations that their ships are more accident-prone than others.

The trend in ship losses over the last few years has indicated that some flags, such as the Liberian and Greek, are more accident-prone than others. H. P. Drewry, the London shipping consultants, recently calculated that Greek losses averaged 0.97 per cent of the Greek fleet annually over the period 1970-78. This was nearly three times the world average.

Of course, there is always more chance that older ships will be involved in casualties than newer vessels. Since they are sometimes less reliable. In addition, if older ships are badly damaged there is less incentive to repair them because it is often not worth it. Hence many of these ships are categorised as losses in the statistics, whereas newer ships

Odysseus was kept just off its shores by the nymph Calypso. The Minotaur pawed the ground of the labyrinth at Chios. That Princess Europa was the mother of King Minos, who gave his name to Europe's oldest civilisation, only serves to grow cucumbers in the plastic-covered hot-houses which now line its shores on the Libyan Sea.

The Dutch farmers are none pleased with their colleagues; his work cut in their markets in West Germany. But with Crete this year exporting around 50,000 tonnes of cucumbers he is both a witness to the island's economic potential and something of a hero in an island whose people are in any case larger than life.

Their spirit of fierce mountain independence has seen them through centuries of foreign occupation. It has given them a disdain for Athens and authority of which the latest manifestation has been the descent this month of thousands of raisin growers in phalanxes of tractors to the cities to protest at a Government decision. It has left them with an identity apart from the rest of the country.

Rivalry Yet it also leads to a rivalry among Crete's four provinces which can be as intense as the disputes once were between Italy's city States. Only recently, endless quarrels over the siting of a university ended with the facilities having to be shared out.

Today, moustached and tall, Grecian men will tell the visitor that their island will be "the greenhouse of Europe." There is a basis in fact for this exaggeration, which is very much in the island's tradition of creating more history than can consume locally. But the island's past perhaps makes it inevitable that truth and fantasy should be woven together.

Zeus was born and brought up in one of Crete's caves. In the Lancastrian era Crete

Malmsey was drunk in England and today local industrialists tell the visitor that the 500,000 people on the island could feed 3m. The age-old staples of olive oil, wine and grapes have been joined by hot-house produce and vegetables. Besides cucumbers, tomatoes, aubergines, and green peppers are grown in ever-increasing quantities.

CONTINUED ON NEXT PAGE

A GREEK DREAM

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GREECE V

New generation beginning to emerge

N. J. Michaelson and David Tonge profile those who hold political power.

ACROSS THE street from the Athens Archaeological Museum is an opera theatre where surrounded by balconies and overhanging by the encircling apartment buildings Athenians have been able to see one of Mikis Theodorakis's most striking works. *The Song of a Dead Brother* is somewhat stilted as theatre but its music has all the zest and melody of the composer at his best.

The story is a simple one, of two brothers on opposite sides in the civil wars of the 1940s, united only through their mother, the country itself. But what is striking is how that great divide of the civil wars still leaves its imprint today.

The final military defeat of the Left in 1949 was followed by long years of conservative supremacy which saw the emergence of many of those who rule Greece today. In the mid-1950s Mr. Constantine Karamanlis was Prime Minister, Mr. George Rallis Minister to the Prime Minister, and Mr. Evangelos Averoff-Tossizas Foreign Minister. Today they are respectively President, Prime Minister of Defence, Professor Xenophon Zolotas was then as he is now, Governor of the Bank of Greece.

The three politicians reflect the mixed roots of Greek politics. Mr. Rallis comes from a long, almost hereditary, line of politicians and has all the confidence of that lineage as well as being able, pragmatic and gruffly honest in a way respected by his opponents.

Mr. Averoff combines the background of the Greeks of the diaspora—who have been important in the modern Greek State ever since it backed its



Four of Greece's leaders: from the left, Harilaos Florakis, Communist Party head; Andreas Papandreou, nationalist challenger; Constantine Karamanlis, now the country's President; and George Rallis, Prime Minister.

way free from the body Ottoman—with that of the great trading families of Epirus. He is a more complex character, an author of note, a master of manoeuvre and negotiation, and an outspoken critic of the opposition.

This stand had won him strong support within the party and it was a major surprise that Mr. Rallis managed to beat him, by a whisker. The general feeling seemed that Mr. Rallis could better hold the new Democracy Party together and appeal to the centre vote on which the next election may depend.

Neither of these men ever had the public charisma of Mr. Karamanlis. The son of a school teacher became a provincial lawyer, he was cast in different mould. His popular appeal is in some ways in contrast to his own aloof and brusque character, his ability to accept only his own counsel and his willingness to appear but

rarely in Parliament and never before the Press. But his stamp is indelibly on post-junta Greece as, less successfully, it is on the last years the conservatives were in power up to 1963.

He is now 73, Mr. Rallis 62, and Mr. Averoff 70. Just as these overtook their party elders in the mid-1950s, so a new generation is beginning to emerge today. Ministers like Mr. Ioannis Boutos (Co-ordination), Mr. Miltiadis Evert (Industry) and Mr. Stephanos Manos (Energy) represent both continuity and change.

Continuity

The continuity is that they are largely from the old ruling class—one is a son of the police chief of Athens during the Nazi occupation as another is the son of a Prime Minister during that period. The change is that many of the new generation are

questioning whether the old system of dirigisme, rules and regulations is of any value, particularly in a country which is joining the EEC.

There is a caution about their radicalism as the system is the creation of the party whose heirs they are and of many of the men still at the top, such as Professor Zolotas, who is now 76.

The maverick in the Cabinet is Mr. Constantine Mitsotakis, the tall and unrefined grandson of Costis Mitsotakis, founder of Greece's Liberal Party and the man who launched Mr. Eleftherios Venizelos on his way to dominate Greek politics in the first third of this century. In the early 1960s he was the political enemy of his present colleagues but he has since moved to the Right.

Those who lost out in the civil war are less well represented in public life. But one evidence

of the change in the last 30 years is that Mr. Harilaos Florakis, a Communist divisional commander in the civil war and long-time political prisoner, is now being invited to the graduation ceremonies of the schools of the gendarmerie officers who used to hunt down his men.

An avuncular figure of 66, he is largely unchallenged at the head of the Communist Party of Greece. This is one of the West European CP's closest to Moscow and has little truck with Euro-communism. Its appeal to workers is strong and recently it had no problems in mobilising tens of thousands of workers to march on Parliament to protest at inflation, the sacking of workers for union activities and the killing by a factory bus of a member distributing leaflets.

The party's supporters include Mr. Yannis Ritsos, one of the country's great poets. Its relative

relationship with Mr. Theodorakis has been uneven but is at present good.

The *Song of a Dead Brother* ends with a call for rock to join with rock and band with band, and for Greeks to unite round "one tree, one root, one well." The work was written in 1960 and in many ways the call is now being heeded better than ever before. The divisions in Greek society are no longer fratricidal but equally there is no evidence of anything like the emergence of consensus politics.

The final and in many ways most crucial actor on the stage is a person who was put out of Greece during the civil war. Mr. Andreas Papandreou. He was a mercurial personality with a charisma which only Mr. Karamanlis can match.

His background is that of the establishment politician, and he has lived largely in the U.S. But his programme is a distillation of the fact that in so many areas of Greek society change is overdue.

In the past he has been the man the Greek ruling classes hated to hate. It is an image of which he is well aware and he makes clear today that he is determined to avoid a repeat of the clashes with the army and beat of at least which led to the fall from office of his father, Mr. George Papandreou, in 1965.

He is now closer to the threshold of power than at any time since the colonels' coup prevented the expected electoral victory of Papandreou in 1967. He too is not a consensus politician but if space is to be added to Greek political life Mr. Papandreou would like it to be in measured doses.

Crete

CONTINUED FROM PREVIOUS PAGE

Bananas, sweet but dwarf, exist. The next commercial fruit could be the pineapple, while the Ministry of Agriculture is trying to boost the avocado. Already flowers are a major export; 10m carnations are air freighted to West Germany, Britain and Switzerland last year.

At present Crete is responsible for about 9 per cent of Greece's agricultural production. It is a proportion which is expected to rise. Mr. George Vlahakis, managing adviser of the island's largest factory, the flour mills at Khania, stresses the "tremendous possibilities" which the island's soil and climate provide. His own plant already exports to countries as far away as Vietnam.

He says that though there is talk of building a cement factory on the island the present main industries are those concerned with food processing. An industrial zone has been in operation at Iraklion since 1976, and Mr. Vlahakis, who is president of the Chamber of Commerce and Industry in Hanla, calls for one to be established in his town too.

In the west of the island water is relatively abundant—and will become more so with the implementation of an irrigation scheme which backed by the European Investment Bank, would tap the subterranean water resources which build up each year as the snow melts off the White Mountains. These rise up to 8,000 feet and form part of the spine of the 160-mile long island.

Experiments

In the east the soil is some of the best in Greece but water is so scarce that Mr. Emmanuel Stratakis, the Deputy Prefect of Iraklion Province, forecasts that an acute shortage could develop in five years unless new sources are found.

"For us, water is as important as petrol," comments Mr. Nikos Parasiris of the Development Service of Crete. But he describes how experiments on tapping solar energy are underway on the island's south coast and that studies have now been started on exploiting the wind

—as did the earlier Greeks who built around 10,000 small windmills on the plateau of Lasithi, east of Iraklion and just above that old seaplane base, the Gulf of Mirabello.

Like most of Greece, Crete suffers from emptying and ageing mountain villages, and now the islanders hope that their new surge of development will attract back some of the 800,000 Cretans who have emigrated.

Politically the island has always been a law unto itself.

After centuries of being traded between the Great Powers—and a brief period under the Arabs as one of the main slave markets of the Mediterranean—it was joined to the mainland in 1912. It has a strong republican tradition, came out firmly against the colonels' dictatorship, and is now one of the most vigorous seats of opposition to the Americans' military presence.

Yet, perhaps surprisingly, it remains the place where the old patronage system of politics survives better than anywhere else in Greece. Mr. Constantine Milotakis, Minister of Foreign Affairs, seems to have an almost impregnable base among the citizens of his home town of Khania. There, it is said, he is baptised or born best man on 2,000 occasions. The resulting network of personal loyalties is an impressive creation.

Creta was where the painter Giacometti grew up and it retains a flourishing culture. This combined with its extreme natural beauty and its warm welcome to the foreigner, makes it something of a mecca for tourists. It has suffered less than most of Greece from this year's problems of the tourist trade. The facilities, moreover, are by and large good, including regular Air-Bus connections with Athens.

So far, none of the changes of the past few years has affected the easy-going nature of the Cretans. But as the story of the cucumbers has shown, they are open to innovation. It is this, the islanders will say, which shows that once again they plan to make their mark in Europe.

David Tonge

EEC entry means gradual transition for agriculture

TWO SUCCESSIVE years of inflation running at around 15 per cent is not an enviable statistic for any country. But in the case of Greece it could affect one beneficial spin-off, so far largely unremarked: a cushioning of any potential shock, both for the Greek consumer and the Brussels agricultural funds, of the country's accession to the EEC.

Inflation of this magnitude, following in five years in a row in the mainly upper tens, has narrowed the gap between Greek and Community farm incomes on the one hand and Greek and Community produce prices on the other. A couple of years ago, a European Commission estimate put the overall food price rise in Greece as a result of accession at 14 per cent. Now the Agricultural Bank of Greece is talking in terms closer to 4 per cent, and even that spread over a number of years.

Since the advantages to accrue to the farm sector from accession always stood to be rather less immediate than the effects on consumer prices in Greece, this dilution of the initially bitter draught could be useful politically if the next general elections in Greece should return a Socialist Government committed to holding a national referendum on the accession issue.

It should also take some of the steam out of arguments against accession likely to be aired during the actual election campaigning, while reinforcing a dawning appreciation that the overall effects of Greece's membership will be nowhere near so immediate or dramatic as some have feared, and others have hoped.

In fact, due in large part to the transitional arrangements, nothing much is going to happen on Greece's farms next January, or even next year. It will all be very gradual.

The accession agreement provides a general transitional period of five years covering

most agricultural produce, with seven years for fresh and processed tomatoes and fresh and preserved peaches.

The transitional measures concern essentially the progressive elimination of residual customs duties and alignment of Greek prices with those of the Community. During the transitional period, the differences between prices of Greek and Community products will be compensated for by a system of accession compensation amounts, as in the case of the previous enlargement that brought in Britain, Ireland and Denmark.

Also, a special transitional compensatory mechanism has been agreed for certain fresh fruits and vegetables to those of the Community products to be completed gradually during the transitional periods, as will the grant of EEC income allotments to Greek farmers.

Deficiencies

One problem occupying Greek planners, not only in the agricultural sector but generally, is the degree to which this country will be in a position to absorb available EEC funding, in view of its structural and infrastructural deficiencies.

Before full advantage can be taken of what the CAP can offer the necessary institutional framework in Greece to handle Feoga and other funds must be established. This must cover the establishment of intervention organisations, introduction of a better accounting system on a farmer's level, harmonisation of Greece's subsidy system to that of the EEC, and the creation of a proper infrastructure that will provide effective quality control.

Not only must such a framework be established, it must be

able to operate quickly and efficiently and to European standards. This is perhaps the critical factor, since it has been noted, even at Ministerial level, that unless the proper framework can be established quickly, it may not be possible to draw from any EEC funds.

Doubts in this respect are compounded by a statistical muddle that is unlikely to be finally resolved until the results of the ten-year census, to be taken in 1981, are available. At present the number and size of Greece's farms and the percentage of the workforce employed on the land are not only undetermined but the subject of dispute.

The latest estimates range from 19.02 per cent to the Government's present figure of not more than 28.8 per cent. There is similar imprecision over the number and size of Greece's farms. According to the 1971 census, Greece had 1,036,600 farms covering a total 3,586,300 hectares, of which the smallest 230,000 accounted for a mere 113,500 hectares. But many of these smaller farms—Mr. Xenophon Zolotas, Bank of Greece governor, says "virtually all" of them—may in existence statistically but in fact are either abandoned or rented out.

While arguing that farm size alone is "not necessarily a secure indicator for comparisons between countries" since it takes insufficient account of the production mix and comparisons in economic terms, Professor Adamantios Papelasis, Agricultural Bank governor, said recently that the small size of Greek farms and their frequent fragmentation into small parcels "is probably the most serious structural problem faced by Greek agriculture."

Policy measures designed to encourage consolidation of scattered holdings and joint venture farming are admitted to have given disappointing results so far, but an increased

momentum is expected to be provided by accession, if only because the bulk of the funding will go to the more efficient units.

Five other structural changes needed according to Professor Papelasis are:

- A more efficient use of water resources, especially for fruit and vegetable production;
- Reduction of excess farm labour, in the framework of a regional development policy providing a satisfactory rate of absorption of surplus workers in the non-agricultural sector;
- More effective utilisation of pastureland and production of cheaper feedstuffs for the livestock sector;
- Stimulation of co-operative marketing as well as farming;
- A further expansion of applied agricultural research and agricultural education.

The greatest danger, Professor Papelasis said, would be faced by marginal farm holdings and the livestock sector.

The latter faced "serious and chronic" problems of production, distribution and marketing, "as a result of which the survival of certain branches will be endangered after accession." Abolishing the subsidies on feedstuffs would "almost completely extinguish any profit margin for cattle breeders," while an analogous situation would arise for fresh milk and dairy produce as a result of current low productivity, extensive subsidisation and protection against EEC imports.

Looking at the issues from the opposite direction, there is now general agreement that Greek production is complementary to Community agriculture rather than competitive. And even for the exceptions, for example peaches and tomatoes, the quantities involved are relatively minor.

N. J. Michaelson

that studies have now been started on exploiting the wind

and the wind.

David Tonge

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E.E.C. MEDALLION
The most significant socio-economic event of contemporary Greece has been its entry into the EEC. This was marked by the issue of the EEC Medallion by General Hellenic Bank. To respond successfully to the challenges of change the Bank's long-term planning objectives can be summarised as follows:

- Strengthening the institutional ability to manage General Hellenic in a disciplined manner.
- Maintaining a strong capital base in order to continue to grow and diversify.
- Continuing to accelerate our marketing activities directed at domestic operations.
- Seeking to enhance our international activities with corporations, Banks, individuals and Governments.

Newspeak with NWICO

BY MALCOLM RUTHERFORD

THE MacBride Report on NWICO has finally been published, though such are the ways of UNESCO that that is not to say that it is generally available.

At this stage, you might reasonably ask: Who is MacBride? What is he up to? Who is NWICO? Or even: What is UNESCO? I shall tell you.

Mr. Sean MacBride is a former Irish Foreign Minister—winner of both the Nobel and Lenin Peace prizes—who has an extreme attachment to the Third World. NWICO is the New World Information and Communication Order. UNESCO is an agency of the United Nations which was set up in 1945 to deal with educational, scientific and cultural matters with the aim of promoting international peace and the common welfare of mankind. More recently, however, it has been seeking to extend its activities to include influencing, and perhaps even setting ground rules for, the world's media.

Belgrade

The commission of which Mr. MacBride was president was set up by the UNESCO director-general, Mr. Amadou-Makar M'Bow of Tunisia. In 1977 "to study the totality of communications problems in modern societies," which another way of saying NWICO.

Its report is likely to form the basis of proposals to the next UNESCO General Conference by the director-general in Belgrade in September. In all probability, Mr. M'Bow will ask for vastly more powers and vastly more money for his organization.

The report wants "the democratisation of communication at national and international levels." It believes that "profits or revenues should not be the primary aim" of post and telegraph authorities; the latter, it says, are "instruments for policy-making and planned development in the field of information and culture."

It proposes that preference should be given to non-commercial forms of mass communication. It demands that the influence of advertising upon editorial policy and broadcast programming should be reduced, though without saying so.

TV Radio

+ Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only).
10.00 Noon and Nelly to Skylearn.
10.03 Jacktaoey. 10.20 The All New Popeye Show. 10.40 Take Hart. 1.30 pm Heads and Tails. 1.45 News. 3.25 Home on Sunday (except London). 4.15 Play School (as BBC2 11.00 am). 4.40 Lassie. 5.00 John Craven's Newsround. 5.05 Co With Noakes.

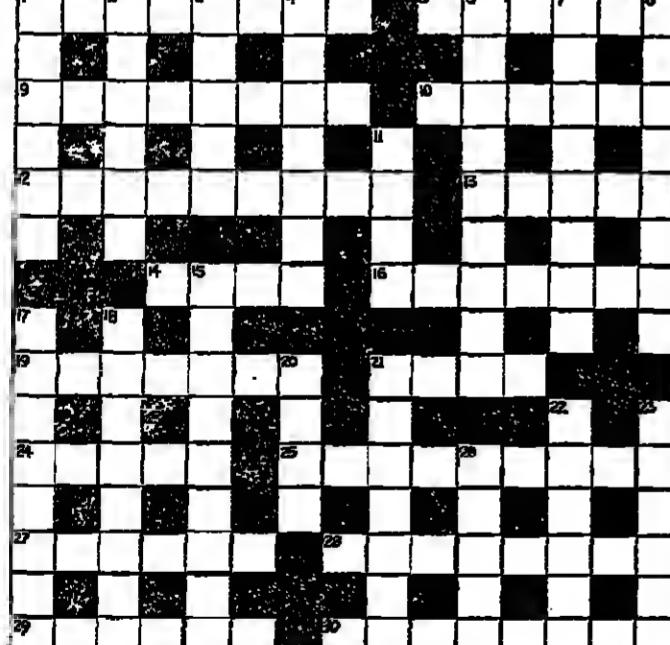
5.40 News.

5.55 Nationwide (London and South East only).
6.20 Kick Start.

6.35 Ask The Family.

7.20 Star Trek.

F.T. CROSSWORD PUZZLE No. 4,351



DOWN

1 Girl left in charge of French (6); 2 Vehicle is hard to fide out (6); 3 Modern chsp seeking promotion (5); 4 Stuffy tunes about the French (7); 5 Beast with definite chance to take everything (3, 3, 3); 7 Mistake abroad to leave unannounced (4, 4); 8 Bloomer makes Pete sew a disorderly tangle (5, 3); 11 Welcome fitting (4); 15 Origin of missile traced to starch producer (9); 17 Sue threw some light on one match attendance (8); 18 Little cat might become muscular (8); 20 Doctor has way with more than 50 per cent (4); 21 Inn manager on form (7); 22 More offensive position in rumpled rug (6); 23 Seen one after the other we hear by young doctor (6); 26 Fathead accustomed to being amalgamated (5); 27 Winchester descendant of rogue (3, 2, 1, 3); 28 Beat is pure outside (8); 29 Provoke previous mention (6); 30 Key to free club network (8).

Radio Wavelengths

1	105MHz/285m	3	121MHz/247m	
105MHz/276m		& 90.5kHz stereo		
693kHz/43cm		200kHz/150cm		
500kHz/33cm		& 63.5kHz stereo		

RADIO 1

(S) Stereophonic broadcast
6.00 am Radio 2. 7.30 Miles
Simon. 8.00 Simon Peter. 11.00 Andy
Peelies with the Radio 1 Roadshow.
12.30 pm Newsbeat. 12.45 Paul Burn-
ton. 2.00 Peter Powell. 4.31 Richard
Skinner. 7.00 Stayin' Alive. 8.00
Chris Jones. 9.50 Newsbeat. 10.00
John Peel (S). 12.00-5.00 am As
Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve
Jones (S). 7.32 Ray Moore (S).
10.04 Jimmi Harkishaw. 12.05 Ed
Lever. 2.00 The Saturday Show.
2.45 The Request Show (S). 4.00 Music
Music (S). 4.00 Music Music
Music (S). 6.02 Folk On 2 (S). 9.02
Humphrey Lytton with the Best of
Jazz on record (S). 9.55 Sports
Oscars. 10.02 Free Spin. 10.30 Star
Sound. 11.15 Brian Matthew with
Edinburgh International Festival
Factual, including 2.02-3.00 pm You
and the Night and the Music (S).

RADIO 3

5.55 am Weather. 7.00 News.
7.15 Quirks (S). 8.00 News.
8.05 This Week's Composer: Prokofiev.
11.00 Edinburgh International Festival
song recap, part 1 (S). 11.40 Festival
Comment. 11.45 Edinburgh Festival.

Korean sweatshops are fair competition

THESE ARE bad times for the trade traders, and worse may come. The old game of exporting unemployment is here again.

The European Community, which has taken over responsibility for these matters, has some sort of machinery for dealing with the classical dumping of products. It is exceedingly slow in putting this machinery into operation, but at least it could do so in respect of industrialized countries with a free market economy where the export price of the dumped product may be compared with its domestic price or its production costs. This possibility exists quite clearly in the cases of the U.S. and Japan, which are at the top of the EEC dumping list.

In the longer term, it would

like to move to the establishment within the framework of Unesco of an International Centre for the Study and Planning of Information and Communication: a sort of World Press Council with teeth. In sum, the report sees information as an instrument of state power which should be handled under the guidance of an informed Unesco.

In London the Foreign Office

is in a dilemma about how to respond. It acknowledges that the report is gobbledegook, though gobbledegook is said to be the price you have to pay for international agreement.

It admits that most of the

proposals are deeply repugnant to Western governments, not to

the Western media: the campaign against advertising,

for instance, and it does not want to spend any more money—there is a proposal for a major international research and development effort to increase the supply of paper: no doubt again under the auspices of that well-known cost-effective body, Unesco.

On the other hand, the Foreign Office does not want to go against international cooperation and what are said to be Third World aspirations. So why not go to Belgrade, give a little here and there, but generally try to tone down the more extreme proposals?

Diversity

Here is why not. The report is a nonsense. It contains information with propaganda and clearly prefers the latter. In attacking the idea of profit-making media it is attacking the diversity of information and opinion that one would have thought a commission including at least some journalists would have sought to defend. There is a basic pre-judice throughout the report against the market economy. The subject is in any case beyond Unesco's competence.

The price of going along with nonsense is yet more nonsense, for the Third World as much as for the rest of us. The Foreign Office should say so.

Both Main Reef and Hard Fought were produced when their respective prizes were beyond recall. In the Geoffrey Freer from Main Reef and Philip Waldron partnering Nicholas Bill found themselves

race he should certainly have won; while Piggott gave Hard Fought little chance of posing any sort of threat to Kampala in the Hungerford an hour later.

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THE ARTS



Donald Sinden and Suzanne Bertish

Architecture

Preserving our heritage

by COLIN AMERY

It is not often realised that our heritage—country houses, parks, villages and archaeological sites—are endangered by the presence of too many visitors. It is a well-known fact that we often kill the things we love and at this time of the year you can take a visit to a popular "stately home" and witness the effects of too many visitors.

The National Trust publishes an annual league table of numbers of visitors to their properties and a house like Chartwell in Kent (not a large property) survives the onslaught of more than 150,000 every year. Sissinghurst garden, also in Kent, somehow accommodates over 115,000 garden enthusiasts wandering along the narrow paths. Erddig in Clwyd, which is not exactly on the beaten track, had 76,000 people passing through upstairs and downstairs to see a vanished way of life. Many houses still privately owned have more than 100,000 callers during the season, which is usually at its busiest during July, August and September.

Both parts are very well played; indeed the acting is admirable from top to bottom. The production, directed by Ronald Eyre and designed by Pamela Howard, has that poverty-stricken look that is now de rigueur at Stratford with little scenery but movable screens, distasteful descendants of Gordon Craig; but it is full of ingenious ideas. The interval comes in the middle of Act 3. Scene 3, when Desdemona drops the handkerchief with which she tends her husband; this makes it possible for Othello credibly to have been to supper before he re-enters. There is too a heart-rending scene where Othello, determined to find proof of Desdemona's disloyalty, goes through the laundry looking for stains—or perhaps blood?—on the sheets.

The verse-speaking throughout is exemplary; I do not know when I have ever heard better from this company.

and dubious "Tudor" planting scheme.

The National Trust is becoming more and more conscious of its responsibility to protect and maintain the atmosphere of peace and tranquillity that one of the great benefits to be derived from a visit to a country house. One house which the Trust has recently acquired is Dunham Massey on Manchester's doorstep. The house was given to the Trust by the last Earl of Stamford who had lived there in solitude for much of his life.

Dunham Massey will be a test for the Trust: can its extra-

normally untouched quality survive unscathed?

The Trust has taken several important steps to safeguard the house and the magnificent park. After

lengthy negotiation a car park

has been built away from the

front of the house and a specia-

lly constructed way has been

built for the village of Dun-

ham Town has been constructed.

These two expensive steps have

ensured that the formal design

of the early 18th century park

can be preserved.

The house is a mixture of

large grand rooms and intimate ones like the Stone Parlour and the Library. It has been decided that the small rooms, which would be ruined by the tramp of a thousand feet, will only be shown on limited occasions during each week. The kitchen wing will be shown to visitors which will allow a timed admission system to operate with some people seeing the servants' quarters while waiting to see the main house.

We, as members of the public, may well have to accept that the long term preservation of our heritage could mean limited hours of visiting and sometimes less public access. It is a sacrifice worth making and one that will help us to value our country houses in particular above the general run of tourist "attrac-

tions."

Dunham Massey is situated

three miles south west of

Altringham and is at present

open only to parties. Details

from the West Midlands

Regional Office of the National

Trust, Attingham Park, Shrews-

bury, SY4 4TP.

Warehouse

Baal

by B. A. YOUNG

David Jonas's production is a model for small theatres. The mosaic of 22 short scenes, with their 50-odd characters, has been crammed into the unfriendly restrictions of the Warehouse with the decor confined to one wall—a decorated canvas screen by Ralph Koltai whose dreamlike details give way to exquisitely sentimental projections of outdoor scenes—and a company of no more than 18.

Baal, Brecht's repellent hero, is admirably played by Ben Kingsley. He looks too old (Baal is a projection of the 20-year-old author to a great extent) and too skinny ("you fat lump," says Mjuk; "you over-eat, Baal," says Ekart, "you'll burst"), and there my reservations end. Mr. Kingsley ranges the catalogue of seductions—mistress, friend, virgin, couple, comrade—with a bland lack of emotion, not even satisfaction. He sings the songs to which he has put his own music, accompanying himself on the guitar as absurdly as any cabaret singer. He crawls out to his squall death at the end as if the next world were no more to him than the next bar.

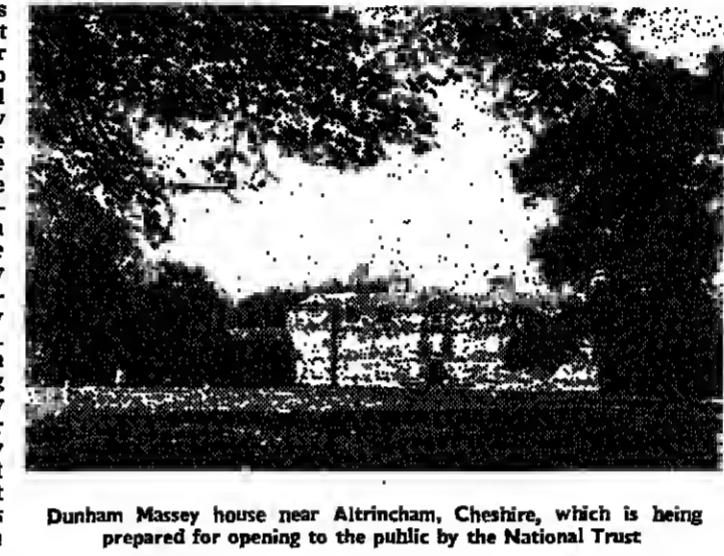
There's less scope for acting in the other parts; they're background figures to fill out the self-contained scenes that Brecht lays side by side, like letters on a Scrabble board, to spell out his conclusion, and once briefly used, they are dismissed. Their short lives can be vivid, all the same. Julie Peagod as 17-year-old Johanna is ravishing, and duly ravished; Jane Downs is a study in venal dignity; Emma Williams puts on a coarse pathos as Sophie; Lila Kaye's landlady, later her beggar,

woman in the asylum, are piquant. Timothy Spall, Patrick Godfrey, Timothy Knightly, and the rest turn in instant characters as sharp as knives.

I must wish a cold night were in the play. It was a piece d'occasio sketch in 1913 as a mockery of the expressionist excesses of a current drama. I don't know how bad Hansa Johs's *Der Einmaleins* was. But when Brecht produces a series of short, two-dimensional scenes to show us a man without emotions at all, drinking and copulating his way through life, discarding the poetic gift we are told he has (but are never shown), he has not produced excesses of his own equally liable to mockery? Detached from its original context, has *Baal* any real significance?

It is a typical young man's play, full of references to Brecht's own life-style. A contemporary critic wrote of the "unparalleled creative force of the language"; if that force largely passes me by, it may be due to the inadequacy of Peter Tegel's translation, used at the Warehouse and in the Methuen edition of the collected plays, which sounds and reads to me as it were done by a German.

After a production in Leipzig in 1923 which fell foul of the censor, *Baal* went unplayed for 40 years though Brecht nurtured it all his life. Brecht having become a demigod, the play has become current again. We may be grateful that it provides an opportunity for a performance like Ben Kingsley's at the Warehouse, but if it were put away for another 40 years I don't think the stage would be much poorer.



Dunham Massey house near Altringham, Cheshire, which is being prepared for opening to the public by the National Trust

Albert Hall/Radio 3

Nielsen and Strauss

Nielsen discovered the organ only very late in his life, wrote for it a set of 29 tiny preludes and a single, quite unexpected masterpiece. But even now, when the most massive pieces of Liszt and Reger are accommodated comfortably, *Comotio* is still a rarity in organ recitals. On Friday, for the Promenade Concerts' annual airing of the Albert Hall organ, Gillian Weir played what was Nielsen's last large scale work, favouring romantic resonance at the expense of clarity, but nevertheless presenting a clear idea of its scale and unshakeable confidence.

The lover of Nielsen's symphonies would find in *Comotio* a familiar progression from conflict to serene

resolution, but also miss some fibre in the contrapuntal lines. Miss Weir could have given the themes more muscularity, but the decoration itself is self-consciously baroque, as if in coming fresh to the instrument Nielsen was slightly overwhelmed by Bach's (*Buxtehude's*) example. But there are still trade marks to be found: themes have a habit of oscillating around major and minor thirds, key contrasts are bold and dynamic, and the plan—essentially a pair of fugues prefaced by fantasias—is ambitious and confidently sustained. After the sixth symphony and the clarinet concerto it was a brave display of optimism to come from the ailing composer.

The BBC Symphony Orchestra conducted by Norman Del

Mar took over for the second half of the evening, contrasting Nielsen's belligerent objectivity with Richard Strauss' more dubious self-indulgence. Mr. Del Mar made *Ein Heldenleben* a rather monochrome celebration with efficient rather than inspired orchestral playing, but gave Maurica Bourgue a firm platform for a glorious account of the oboe concerto. The first movement was brought preciously close to affectation at times, the tempo unusually slow and every phrase most immaculately turned, but the slow movement displayed Mr. Bourgue at his finest, giving the line every opportunity to breathe yet the soloist seeming to dispense with breathing himself. ANDREW CLEMENTS

Festival Hall

Giselle

by CLEMENT CRISP

I am not persuaded that the Festival Hall's stage suits *Giselle*.

Its lack of depth, its forward-projecting effect on dancing, means that the Romantic illusion needed for the ballet is weakened, especially in the bright day-light of Act 1.

Mary Skeaping's production is judicious in judging the dramatic values

of the piece, the moonlit terrors of the forest scene particularly well managed, but on Friday

night — when Manola Asensio 2, which was lacking. Her *Giselle*, like Kelly's Albrecht, was sincere, dutiful in statement; there are morbid, poetically hectic aspects of these characters which have still to be stressed: without them *Giselle* remains a glance back into halelic history rather than a compelling theatrical experience.

Yet despite the limitations of the stage and the relative inexperience of the two central

interpretations, the second act had a suitably haunted air on Friday, thanks to sensitive lighting of David Walker's forest setting and to the darting entries of the Wilis, pretty in their romantic poses and properly implausible in dealing with their victims.

Giselle will continue to hold its public, and its place in our affections, when produced with the care that Mary Skeaping has manifested in this staging.

San Quentin Drama Workshop moves to West End

Following its success at the Young Vic, the San Quentin Drama Workshop has moved to the Arts Theatre with Kropic's *Last Tape* and *Endgame*, written and directed by Samuel Beckett, until August 24 (Tuesdays-Sundays 7.30 pm).

Arts Council appointment

Mr. Norman St. John-Stevens, Minister for the Arts, has announced the appointment of Professor John Russell Brown to the Arts Council of Great Britain.

CRICKET BY TREVOR BAILEY

Rain and pace decide the series

THE WEST INDIES, who were

less formidable than expected, beat England 1-0 in a series which failed to come up to expectations, mainly because of the weather which interfered with every test and largely ruined four.

It was, therefore, somewhat ironic that the foottball season should commence in the warm sunshine absent from most of the summer.

The relentless pace harrassed from four fast bowlers usually proved too much for the English hatting line up, despite the same reluctance to full commitment affects other British apertures. It seems that we must overcome this British disease before we do anything else.

And yet in the lower age groups there seems a tremendous enthusiasm and ambition. A visit yesterday to Hull with the BP International Tennis Fellowship coaching team of Roger Taylor, John Pash and Tony Lloyd was a rewarding experience. Following a run through the fundamentals of the game with 60 beginners in the morning, we put through their paces in the afternoon six of the fellowship's most successful members.

England in fact would almost certainly have won what turned out to be the decisive first encounter at Trent Bridge, if Hendrick had not broken down and Botham had been fully fit. But there can be no doubt that the tourists, who were robed by rain on several occasions

and suffered an abnormal number of injuries, were the better side.

Our selectors experimented widely, is not always wisely, and are continuing to do so in the one-day internationals against the Australians which precede the centenary test at the end of the month.

The big disappointment is that they have learnt little that was not already known, but there is no disguising the shortage of class available to them. However, they can claim one find and two confirmations.

Brian Rose admirably demonstrated that he is a good player of fast bowling and possesses many attacking strokes than many imagined.

From a relaxed stance, he moved economically into line, with the result that he had far more time, and fewer problems with the bouncer, than most of his colleagues.

Dilley confirmed that he is the fastest and most promising of our young pace men, while Gooch, as well as establishing himself as a stroke-maker of international class, has developed into a most useful fourth seamer who avenges the ball.

England in fact would almost certainly have won what turned out to be the decisive first encounter at Trent Bridge, if Hendrick had not broken down and Botham had been fully fit. But there can be no doubt that the tourists, who were robed by rain on several occasions

squad: Alan Butcher, Bill Athey, Robin Jackman and Roland Butcher. Alan Butcher and Athey are both young players in form, who along with several others are challenging for a place in our batting line up against the West Indies this winter. Jackman is an experienced bowler, the leading wicket-taker in the country and enjoying something of an Indian summer.

A good case could have been made for including him at Headingley on a pitch which would have suited him, and in a match which England had to win, but to bring him into these limited-over games with little significance, and to leave out Stevenson, surprisingly picked in the 12 for the last test, seem rather odd.

The most intriguing selection is that of Roland Butcher who, born in Barbados, came to this country as a teenager, and subsequently returned to play for that small island.

As an exciting if somewhat unreliable stroke-maker he has played a couple of spectacular innings, for Middlesex this summer, but a lack of consistency has meant that it has taken him a long time to establish a regular place in his county team.

Although he is a potential matchwinner in a limited-over game, one cannot help feeling there are several home-born players with better claims than Butcher, who qualifies by residence for England and is eligible, though unlikely to be chosen, for the West Indies.

If the selectors wanted to include an overseas player in our national 11, surely Mendis would have been the most obvious choice. The novelty of cricket under the floodlights of Stamford Bridge predictably attracted a large crowd, who enjoyed the well staged entertainment provided by the West Indies and Essex.

The £40,000 gate receipts must have been noted by other football clubs, most of whom have unhealthy overdrafts, and I expect more matches to be staged on football grounds in the future.

Although the size of the boundaries makes serious cricket an impossibility, this will not unduly worry administrators, as long as a sponsor smiles, TV sets are switched on, the novelty persists and the money keeps coming in.

TENNIS BY JOHN BARRETT

British disease on the courts

FINANCIAL TIMES

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Monday August 18 1980

Warning from the South

THE WORLD BANK'S latest development report confirms the increasingly parlous state of the international economy. One year ago the bank found it necessary to reduce its previous forecasts of growth in the 1980s by 0.5 per cent. This year it has brought them down by a further 0.6 per cent.

The outlook for growth "is a cause for deep concern," according to Mr. Robert McNamara, President of the World Bank. This is all the more so because the avoidance of yet further falls in growth may depend on the industrialised countries adopting policies on trade and aid contrary to some present trends.

The report warns that adjusting to the latest increases in oil prices is liable to prove far harder than in 1973-74. The surpluses of oil-exporting countries could stay at a high level for longer. The prospects for an increase in aid and in bank financing in developing countries are less promising. Oil-importing countries in the south have higher debts and lower growth than seven years ago. The industrialised North faces stagnation and inflation which, if now being contained, is still serious.

Interdependence

The Brandt Commission's report on North-South issues stressed that if developing countries had cut their imports of manufactured goods to adjust to the increased oil prices of 1973-74, there would have been 3m more unemployed in the OECD countries. The bank's World Development Report brings out the extent to which the international banks have a direct interest in the economic health of the Third World, if only because they are overextended.

Next week a further round of the North-South "dialogue" is to start in New York when a special session of the UN General Assembly meets to discuss the world economy. The World Bank is submitting its development report and a paper on energy in developing countries to this session as its contributions to the debate. The session was initially intended to have ushered in the UN's Third Development Decade, 1980-90. Some oil producers, apprehensive of increasing hostility in developing countries to rising oil prices, have succeeded

in turning it into an occasion for further negotiations between North and South.

In the past five years the main concrete result of these negotiations has been the establishment of a still-untested fund to stabilise commodity prices. The developing nations had hoped, with OPEC's help, to achieve a massive transfer of resources from the North. But their demands have struck the industrialised countries as rhetorical and extreme, a reaction which the South has regarded as obstructive.

The bitterness and frustration has emerged yet again in the attempts to prepare for next week's special session. The two sides have long been at loggerheads over the agenda. The odds are that the outcome of the session will be another inconclusive wrangle. The present format of the North-South dialogue, massive international meetings, has not been a success and there are hopes that a limited summit of 20-25 countries may be more productive. This was one proposal of the Brandt Commission and Britain's recent qualified support for the suggestion is to be welcomed. But there are clear limits to summits, and more immediate alternatives need to be considered.

The Brandt Report set out to add the "common interest of mankind" to the moral arguments for helping deal with the poverty of many developing countries. The World Bank's report follows part of the same road, but analyses in detail future economic prospects. It fails to give the figures of the implications of the low-growth projection which it warns may be likely to occur.

Self-reliance

The South must understand that the industrialised countries insist on curbing inflation before a major change can be expected in their policies. It must also look to increasing its self-reliance—a theme which will be dealt with in next year's development report of the World Bank.

But for the North the message is clear. Tackling trade deficits should be done, as Chancellor Schmidt said last week, with the problems of the developing world in mind. Recycling is not an abstract concept, but a vital process into which OPEC must be drawn.

Thinking again about Europe

THE BRUSSELS agreement on the British contribution to the Community budget at the end of May gave the Government some respite in its efforts to put membership of the Common Market on a satisfactory basis. But, except in the short term, it did not automatically solve anything. The real negotiations over the future pattern of Community spending and the effects of enlargement are still to come.

Dynamic

Until last week it seemed the Government was content to sit back and wait to deal with these problems as they arose. At the very least, it was not going to exert itself about Europe in public. Two Ministers, however, have now given evidence that a certain amount of thinking is going on. Mr. Peter Walker, the Minister of Agriculture, has called for a more dynamic Community which would take its "proper place as a major economic and political grouping in the world." On a more practical level, Mr. Douglas Hurd, Minister of State at the Foreign Office, has put forward proposals for improving the co-ordination of foreign policy.

Such signs of life are welcome in themselves, but they do not go very far. As Mr. Walker has pointed out, the crucial period is likely to be the second half of next year. This coincides with the British Presidency, for which it is as well to be prepared, but it is not the fact that Britain will be in the chair that matters most. There are two much more important considerations. The first is that all the known problems of the Community should be coming to a head and the second is that the French elections will be out of the way.

So far as Britain is concerned, and to a large extent the Community as a whole, the key problems are money and agriculture. If there had been no Common Agricultural Policy, it is probable that we could have lived within the Community quite happily. Conversely, if the excesses of the CAP are not eliminated, it is likely that discontent with membership will continue to grow.

There is already agreement in principle that the surpluses, which are a direct result of CAP, should be reduced and

JOINED UP GOVERNMENT IS THE GROWING LOGIC OF BRITAIN

The brutal arithmetic of benefits

BY PETER RIDDELL, Economics Correspondent

ACH NEW unemployed man or woman means an extra £5,000 a year of public sector borrowing. Since September last year the number of adults out of work has risen by 314,000, equivalent to additional borrowing of £1bn. Ironically, this is also roughly the same as the increase in Government revenue from North Sea oil and gas operations expected during 1980-81.

This brutal arithmetic is one side of the cost of unemployment—irrelevant perhaps to those without a job but of vital importance to a Government trying to contain public spending and borrowing as part of its tight monetary policy.

Governments of both parties have never been exactly keen to publicise these calculations but some rough-and-ready estimates can be made on the basis of official figures. A starting point is direct spending on social security payments of which about half is on unemployment benefit and the rest on supplementary benefit. The (probably optimistic) official assumptions imply total spending at current prices of nearly £2bn in the current financial year.

A rise of 100,000 in unemployment will probably add about £125m a year to benefit costs. There are also administrative expenses. A recent Commons committee

report estimated that an extra 2,000 staff will be required to deal with each 100,000 rise in adult unemployment above 1.5m; the current total is 1.6m and rising fast.

Unemployment also produces several other direct costs for the Government—a loss of national insurance contributions and of income tax revenue.

Moreover, a rise in unemployment is in itself normally a reflection of changes in the level of economic activity and output. Thus, a fall in demand which leads to redundancies and reduces vacancies is likely to cut Government revenue from indirect and company taxes. There may also be a squeeze on the financial position of nationalised industries because of lower demand, as is happening now.

All this will push up public sector borrowing even before allowing for the cost of any additional expenditure on training or on special employment measures. Estimates of an additional £500m of public borrowing for every 100,000 more people unemployed are widely accepted. This means that the rise in unemployment since 1973 has added at least £5bn a year to public borrowing compared with a forecast level of £8.5bn in 1980-81.

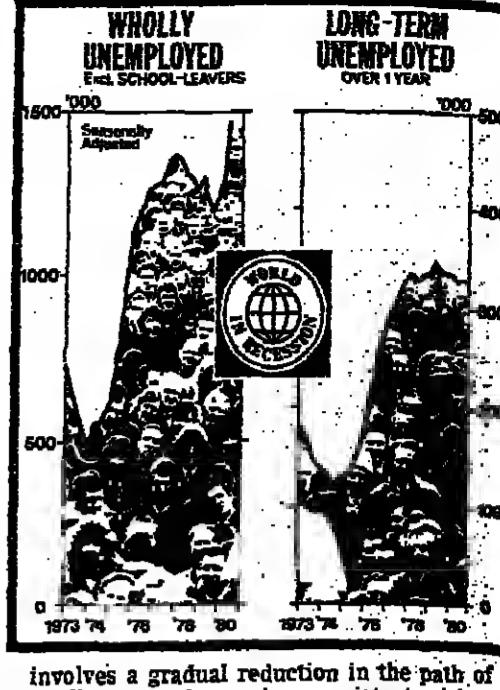
Another way of looking at the same calculation is to start from changes in the growth of total output as measured by real

Gross Domestic Product (GDP). The London Business School has, for example, estimated that a change of 1 per cent in GDP alters public sector borrowing by about £600m to £700m at 1978-79 prices (and considerably more at current prices).

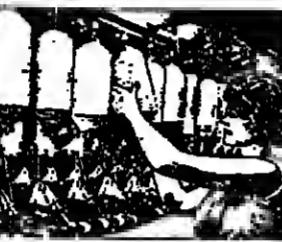
This could be very important if GDP is flat after 1980 instead of rising by 1 per cent a year as assumed by the Treasury in the medium-term financial strategy. In that case, public sector borrowing in 1983-84 would be at least £2bn higher than otherwise expected. This would limit the scope for income tax cuts.

The discussion so far has been entirely in terms of economic costs. But unemployment also has important social costs in terms of deteriorating health and increased crime. A study undertaken for a US Congressional committee has been applied to the UK by two Cambridge economists (Bob Rowthorn and Terry Ward). This shows that a sustained rise in unemployment of 1m could, over a five-year period, lead to roughly 50,000 more deaths, over 80,000 cases of mental illness and 14,000 more people receiving prison sentences. These estimates are naturally very uncertain, but they obviously imply additional public expenditure.

Thus, the Government faces a crucial dilemma. The medium-term strategy



involves a gradual reduction in the path of public sector borrowing consistent with a lower rate of monetary growth. But the recession and higher unemployment are pushing up borrowing. Treasury ministers have talked about permitting variations in the level of borrowing in recession years, so long as the underlying path is downwards. So far, however, the borrowing limits have not been changed, even though there may be an overshoot this year. Further articles on unemployment in Britain will be published in the next few weeks.



"A FAMILY SIMPLY cannot live on a man's wages anymore," said Mrs. Bridget Marlow, a Leicester hosiery worker, at present employed by a company in the hands of the Receiver.

Mrs. Marlow, in her early thirties, and with two young children, insists that her wages are now an integral part of the family's budget. Any suggestion that her earnings are for "pin money" receives a sharp retort.

But she, like hundreds of other women in Leicester's hosiery and knitwear industry whose income has helped support commitments such as hire purchase agreements and mortgages, faces redundancy. Her employer, Admiral Knitwear, has gone into voluntary liquidation. For among the industries in Leicester worst affected by the hosiery industry is the hosiery industry.

Official figures claim 1,900 redundancies in Leicestershire's hosiery industry over the past six months. The Hosiery Manufacturers Association believes the real number could be at least 50 per cent higher because some redundancies are not officially recorded—and some workers are not entitled to redundancy payments. Hundreds more, including those on Government-sponsored temporary working schemes, fear for their jobs.

Workers have been stunned by decisions such as that taken by Harold Ingram, the Leicester knitwear manufacturer, to close two factories in the city and to start directly importing products from Hong Kong with the aim of eventually starting its own production there.

Even if we worked for nothing we could not compete against imports from Hong Kong and Taiwan," Mrs. Marlow said, echoing the prevailing disbelief in a region that has yet quite to get used to the changed climate.

However, many want part-

Far more than pin money at stake

Mrs. Marlow's wage, for about part-time work, has averaged about £40 a week. It is she says, vital for her family which needs about £100 a week to keep going. Her husband, a printer in the printing industry, earns about £80 a week.

Mr. Marlow's job—although not immediately threatened—is insecure in that the printing industry is making substantial numbers of workers redundant. "I'd do anything," Mrs. Marlow said, "I trained as a nursery nurse, but there is no chance of a job there as the council is busily closing nurseries down."

Mrs. Marlow added: "Married women cannot move away from their homes to find new jobs and leave their families behind. Besides, if you cannot find a job in Leicester you won't find one anywhere else." Leicester still has an unemployment rate below the national average.

Few appreciate the speed at which such women, usually paid on piece rates, work. A sewing machinist, or over-locker, can take up to two years to reach a speed which entitles her to maximum rates of pay. Rates are negotiated in pence, not pounds. Overlocking cardigans, for example, could be paid at a rate of 80p a dozen.

At local level, hosiery workers have already accepted lower pay settlements and in some cases cuts in their rates.

The acceptance of a lower wage by these women is exceptional. But even this action has failed to save jobs and women are dismayed to find that redundancy payments are being assessed on these rates as well as reduced earnings during short-time working.

For the first time in their working lives, after slipping in and out of employment with the industry, many hosiery workers are expressing fears for its survival.

LISA WOOD

MEN AND MATTERS

Hilditch reaps

as it sews

Chile clothier Hilditch and Key enters pastures new with its purchase of Coles, which adds 10 Jermyn Street base shops in Savile Row and Sloane Street. The move is an adroit act of recession-proofing which makes Hilditch probably the largest bespoke shirtmaker in London, and possibly even Europe.

Managing director Alec Finch is coy about the price. "It was a reasonably substantial sum," he says smoothly, "satisfactory to both sides"—as well it should be, for whatever shock-horror bequeath the rag trade at large, his order-books are groaning.

There is no shortage of seekers after bespoke elegance, including a substantial clutch of politicians. "We cater to both sides of the House," Finch tells me, "though rather more to the right than the left, with Roy Jenkins neatly in between. Then we have the theatricals and the gentry and the aristocrats, plus a fair share of military. Our best clients are the Arabs, though the Latin Americans and Europeans spend freely as well."

I could not resist asking after one of my favourite fashionplates, lumious Arts Minister and Leader of the House of Commons Norman St. John-Stevens, whose sartorial hue and cry on the Tory front bench and in the popular prints easily o'ershines that of the Leader herself. Hilditch has not yet been blessed with an order for shirts from that quarter—but I am delighted to hear, recently make him a dressing-gown.

Finch bought a 50 per cent stake in Hilditch and Key three years ago. His partner is Michael Booth, something of a Stock Market punter. With the purchase of Coles, the expanded operation will be hand-making around 12,000 shirts a year.

It is not uncommon for clients to place a single order for 50



"Actually, business is booming!"

bespoke shirts. But his latest big order, for a gentleman from the Middle East, made even Finch gasp: 150 hand-made shirts, some costing £70 each, plus 40 made-to-measure suits, the most expensive of them costing £300 each and incorporating cashmere, beaver and vicuna.

On the subject of the cost of the St. John-Stevens dressing-gown, however, it is impossible to draw him.

Watchers watched

Television was much in my thoughts through the weekend, not least as I enjoyed a garden party at the Inner Temple thrown by Thames Television yesterday as an antidote to the summer's soggy ratings and a diversion for those of us repulsed from the continue of the French fishermen's impudent blockade.

But I was also mulling over a recent conversation with Bernard Audley, who is founder and chairman of AGB, Europe's largest market researcher, has few rivals as Britain's ratings king. AGB already produces the ratings figures for the independent companies' Joint Industry Council for Television Audience

Research. A year from now it begins joint audience measurement for the BBC and ITV under the aegis of the Broadcasters' Audience Research Board, and will be a lively front runner when the new BARB contract comes up in 1983.

The principal tool of surveillance in the acronymic world of BARBs and JICTARS remains the little diaries sent out for some 3,000 households to record their viewing habits. But such is the demand for more sophisticated data, Audley told me enthusiastically, that his minions will soon be able to pinpoint not only those shows during which father invariably falls asleep, but still more fleeting signatures in the true-life drama of the TV-watching family. AGB says Audley is perfecting a wrist-watch-sized electronic device which will signal by means of a personal electronic code precisely who comes in and goes out of the room over which the television presides—the very details for which advertisers lust.

And what if mother borrows daughter's watch, or the artful lodger nips next door? "I guess we still have a few bugs to iron out," concedes Audley.

Waves of sympathy are stirring within me for Kenyan president Daniel Arap Moi's stand against alcohol, reported recently in these columns. Behind this new-found moral rigour is my reading of the Lancet, which offers a exposé of the ravages of the demon drink in nearby Zambia.

The most basic booze is "aolopi." To make this, mix together sugar and yeast, fry them, and drop into a pail of water. Let the mixture cool for a ready-to-drink lotion in just 30 minutes. A slightly more sophisticated tipple, "siki-kiaan," demands beans and maize in addition. It is understandably described by one of its adherents as "a very dangerous drink."

Private joke

Sign on the back of an Alder-shoot soldier's bicycle: "I am a military spokesman."

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The Superphenix reactor: France woos Britain

By DAVID FISHLOCK, Science Editor

TENS OF THOUSANDS of visitors, ranging from coachloads of school kids to Britain's Secretary for Energy and his chief nuclear adviser, have been pouring into Europe's "nuclear valley" this summer. Among the vineyards flanking the Rhône no fewer than 20 nuclear power plants are operating or under construction, along with Europe's most imposing nuclear facility, the sprawling Eurodif uranium enrichment plant at Tricastin.

Mecca for most of the visitors, however, is a concrete "cathedral" nestled among cliffs in the picturesquely upper reaches of the Rhône. Mr Boris Saitsevsky, its master builder, expects 25,000 tonnes at the scene of some of the most spectacular engineering assembly operations since the Apollo moon rockets.

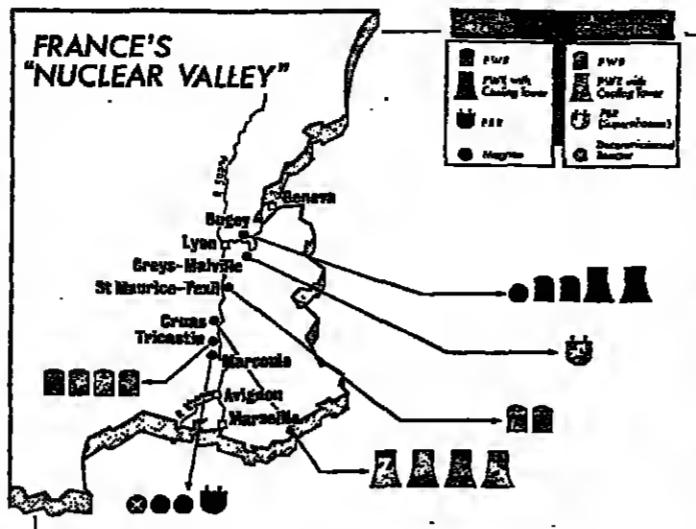
Mr Saitsevsky is halfway through construction of Superphenix the world's biggest fast breeder reactor (FBR). The Russians have the biggest FBR operating at present, 600 MW, commissioned in April. But the French, in partnership with the West German and Italian electricity supply industries, are building one twice as big, 1,200 MW, at Creys-Malville in the "nuclear valley." Construction of the huge concrete dome to contain the Superphenix reactor is virtually finished, and burly steel structures painstakingly assembled in a temporary factory close by are gliding sedately into place in its catacombs. In the factory the names of great engineering groups of Europe—Breda, Neptec, CINI, SDEM—jostle each other as their craftsmen work together to assemble high-precision structures up to 800 tonnes in weight.

The French want Britain to join the club. They invited Mr David Howell, Secretary for Energy, and Sir John Hill, chairman of the UK Atomic Energy Authority, to visit Superphenix so that they could discuss a French proposal for bringing Britain into the next

France is halfway to building the world's biggest FBR

slowed down their rate of nuclear construction—climb dramatically towards the end of the century when a big acceleration of nuclear construction worldwide seems almost inevitable? The French (and the Russians) are convinced that it will. Their insurance policy is to develop the FBR. It uses the plutonium by-product of present-day reactors to convert the 99.3 per cent of uranium wasted at present, because it will not burn in today's reactors, into fresh nuclear fuel.

Dr Georges Vendreyes, the French Atomic Energy Commission's director responsible for the FBR project, explains the policy. Construction is proceeding "very smoothly," he says. "There have been problems and design changes during the first three years of construction, but it's surprising to me that there have not been more problems." At the half-way stage the pro-



ject is about six months late on a "very tight" six-year schedule. So it has been rescheduled for seven years, meaning that full power is now expected early in 1984.

Costs, Dr Vendreyes claims, have remained "within very reasonable limits." The cost of the nuclear element of Superphenix is now expected to be 15-20 per cent above the 1977 estimates, half of which is due to the one-year delay. "But that does not mean that we are happy about costs," he says. Capital costs look like being little more than double the cost of building a 1,200 MW Pressurised Water Reactor (PWR) in France. Generation costs look like being a bit less than twice the cost of PWR fuel—about the same price as is estimated for (imported) coal power in France in the second half of the 1980s.

Dr Vendreyes's big problem now is to close this gap between FBR and PWR costs. One intrinsic reason for the gap is the fact that the FBR has an extra cooling circuit to ensure that the radioactive sodium which cools the reactor does not come into contact with

water in the boilers. This additional complexity adds 20-25 per cent to the price. Beyond this, he believes the gap can be closed by arranging to make a series of reactors of identical design, as they have done with the PWRs.

France wants an entry fee from Britain, perhaps £20m-£25m

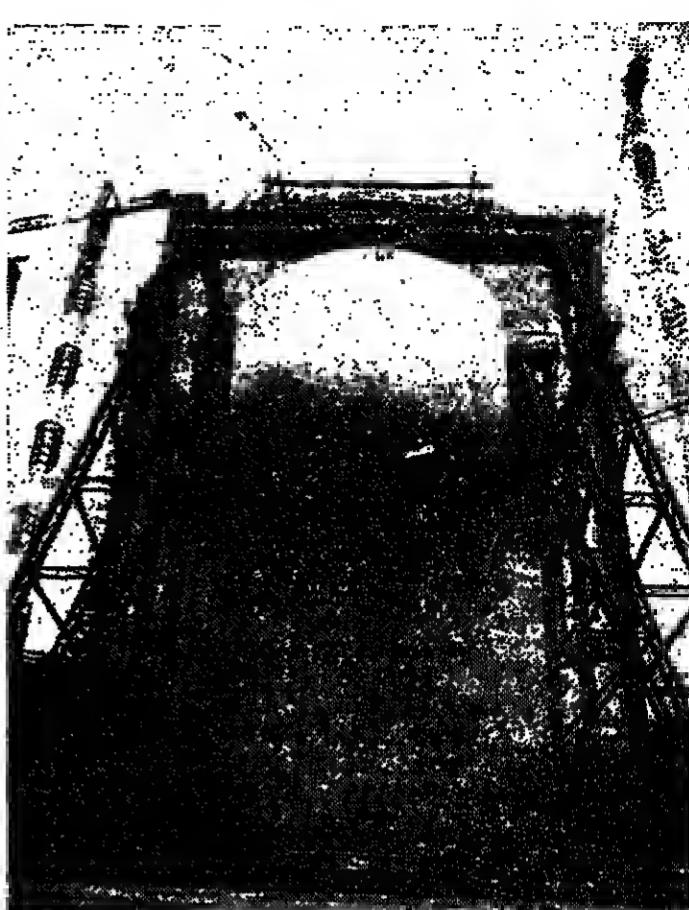
Three parties are engaged on a national plan for the exploitation of the FBR: Electricité de France, the Atomic Energy Commission and Novatome, the design and construction company for FBRs. The plan is that France will build six identical FBRs of a design they call Superphenix 2, 1,500 MW each, in three pairs, the first pair being ordered in 1985 and the other two pairs at intervals of about 18 months. In addition France will order a reprocessing plant for Superphenix fuel, commensurate with the 10,000 MW of FBR capacity, to keep the plutonium recycling rapidly and to gain the greatest economic advantage from its FBRs.

Electricité de France says it is willing to meet the extra cost provided its suppliers can reduce the gap to one of only 15-20 per cent on the cost of pro-

ducing electricity. It sees the extra cost simply as insurance against runaway uranium prices. The utility—which claims to have supplanted Britain's Central Electricity Generating Board as the world's biggest electrical utility generating power last year—also knows better than any the economic value of a standardised design. It has demonstrated the point with a series of identical 250-MW oil-fired stations, and in the 1970s with two series of PWRs, of 900 and 1,300 MW, says M. Michel Hug, the director responsible for power plant construction.

Safety of systems also benefits greatly when it is an integral part of a standardised design and not at risk from tinkering later. "Safety is not something you spread on afterwards," M. Hug says.

The decision to embark on the FBR programme will be taken by the French Government. It will be one which places reliance on the FBR for 10 per



The concrete nuclear "cathedral."

cent of France's electricity by the end of the century. But provided the three parties can agree on acceptable cost estimates for the series, they have been promised a government decision in 1984-85, soon after Superphenix reaches full power. They have selected yet more sites in the "nuclear valley" at Marcoule, on which to base their costs for both the first pair of Superphenix 2 reactors and the FBR reprocessing plant.

Where does Britain come into this picture? The French Government knows that Britain, with a 250 MW FBR operating at Dounreay since 1974, is poised for a decision on the next stage, the so-called "commercial demonstration fast reactor."

It knows that Britain has been exploring various possibilities to some extent, in the entry fee paid by Britain to buy its way into the Franco-German research reactor at Grenoble.

Nevertheless, the Government foresees considerable difficulty in defending a decision to spend such a sum in Parliament, where it will be faced not only by numerous MPs opposed to nuclear power but by some who still firmly believe that Britain leads the world in FBR technology.

The French Government says it is awaiting a reply from Britain. It needs a decision, it

says, because the designs for Superphenix 2 are progressing so rapidly that if Britain dallies it will be too late to influence the design. But the anxiety may not be wholly altruistic. The Germans and French partners in Superphenix have both been backpedalling in their nuclear power programmes. The German prototype FBR is far behind schedule. One British view is that the French are beginning to feel very exposed as they draw further ahead of the field, and now badly need Britain as partner to bolster their own confidence in the FBR.

Letters to the Editor

PAYE computer system

From the Managing Director, TFCO Consultants

Sir.—The worst feature of an investment in any computer to cope with PAYE is that it will almost certainly ensue that the archaic method of tax collection into the system for the next 100 years.

Employers should be able to agree take-home pay with their workers and contribute the same amount of tax as at present by a payroll tax. A straightforward calculation once a month would be all that was required.

This will not appeal to the computer industry which services the lumbering PAYE system at the employers' end as well as in the tax offices. With the advent of the electronic office, computerised design and robot manufacture they should have plenty of business to come and should not shirk from joining in the condemnation of a tax system which is costly, disincentive and ready to be interred with the window tax and other fiscal relics.

G. M. J. Richardson
TFCO Consultants,
5, Victoria Street,
Windsor, Berks.

Monetary policy

From Mr. E. Whiting

Sir.—The article by Peter Riddell "Whitbread's monetary policy" (August 9) has jogged my memory to turn up a previous article in your Lombard column (June 26) by Anthony Harris, in which he explains what is and what is not included in sterling M3. One has only to reread that article to realise that almost all that Peter Riddell has to say was patently obvious from the start, due to the total inadequacy of M3 as a measure of monetary performance.

When the ability of the basis of the customary measures is weakened, new measures have to be developed using a somewhat different basis (e.g. cash flow and current cost accounting in place of historic cost).

If none of the measures that one can use is free from inflation or decay of the basis, the more must one take account of non-measurable intangible factors and a common-sense view from the world outside (e.g. related economic statistics, consumer surveys, or simply a "gut" feeling).

Measurements used for short-term performance need to be sharper and more objective than those used in the long-term, during which detailed differences and errors are more likely to come out. In the wash (e.g. cash flow, which is subject to entirely accidental fluctuations over months, may be a very useful measure applied over several years).

Before any control measure is used directly for a policy decision, the detailed compilation and relevance of the measure to the decision should be checked (e.g. pricing decisions should take account of all the relevant factors if markets and costs).

Management should fully understand the basic principles and limitations of all the per-

formance measures that it will use (for example, return on capital employed should not be used without an understanding of the likely unstable basis of numerator (profit) and denominator (asset values)).

Accounting definitions (or "standards") should be as clear and incontrovertible as possible so that no important item can easily be fiddled (e.g. "window dressing" in balance sheets may be mitigated by looking at post-balance sheet events).

The use of sterling M3 as a measure of monetary performance seems to offend against all these canons. It is ill-defined, compiled mainly from the balance-sheets of clearing banks. The inevitably erratic short-term results appear to determine important policy decisions. There is no reference to a host of other measures available, which though not completely relevant, can provide useful guidance. And those who use the monetary measure M3 seem to have no understanding of how it works and how its basis is affected by other factors outside those impinging on the performance it seeks to measure.

In short, it must be not at all surprising to readers of Anthony Harris's and similar articles that variations in Minimum Lending Rate appear to have little effect on the supply of money as defined by sterling M3—certainly in the shorter term. And in the longer term, "we shall be dead" (to quote Lord Keynes)—or unemployed. Edwin Whiting
(Lecturer in Management Control),
Manchester Business School,
Booth Street West, Manchester.

Dying Chambers of Trade

From the Director, Merseyside Chamber of Commerce and Industry.

Sir.—Mr. Waddia (Dying Chambers of Trade; August 11) is right to draw attention to the progressive disappearance of Chambers of Trade. The absence of a strong voice for retailers has undoubtedly contributed to the decline of city centre shopping.

The demise is not entirely due, as Mr. Waddia suggests, to the multitude of retailers: much of it is due to the growth of peripheral shopping centres which has weakened the old Chambers sited centrally.

The solution appears to be a number of small chambers or committees subscribing to a central regional chamber in much the same way as chambers of commerce are now organised.

R. L. Paterson,
1 Old Hall Street, Liverpool.
From the Managing Director,
Paine and Co.

Water charge increase

Sir.—Further to the letter from Mr. Wilmoth, in connection with the high charges by the Southern Water Authority, I would inform you that this company has also suffered high price increases effective from April 1, 1980, from the Anglican Water Authority.

The increase in charges for

water in the UK is about six months late on a "very tight" six-year schedule. So it has been rescheduled for seven years, meaning that full power is now expected early in 1984.

Costs, Dr Vendreyes claims, have remained "within very reasonable limits." The cost of the nuclear element of Superphenix is now expected to be 15-20 per cent above the 1977 estimates, half of which is due to the one-year delay. "But that does not mean that we are happy about costs," he says. Capital costs look like being little more than double the cost of building a 1,200 MW Pressurised Water Reactor (PWR) in France. Generation costs look like being a bit less than twice the cost of PWR fuel—about the same price as is estimated for (imported) coal power in France in the second half of the 1980s.

Dr Vendreyes's big problem now is to close this gap between FBR and PWR costs. One intrinsic reason for the gap is the fact that the FBR has an extra cooling circuit to ensure that the radioactive sodium which cools the reactor does not come into contact with

GENERAL

UK: Ulster full-time firemen take industrial action over 48 unfilled vacancies.

Government, the impact of low cost imports cannot be ignored. During 1978, imports of the most sensitive categories of garments increased at an alarming rate.

The UK has a substantial surplus in its balance of trade with the developing world. This gives rise to frequent suggestions that we must open up our markets even more to textile and clothing imports. This argument, however, ignores the reality of our trade in manufactures with developing countries.

L. C. Middleton,
Pain and Co.,
Market Square, St Neots,
Huntingdon, Combs.

North Sea bidding

From the Chairman, Premier Consolidated Oilfields

Sir.—In your Energy Editor's informative article (August 14) you may be understood to quote me as implying that the Financial Times' parent, S. Pearson and Son, is entering North Sea bidding as a non-oil company competing for the first time.

This is of course, as you were too modest to state, far from the fact. Pearson's North Sea licence in the first North Sea round held by its subsidiary, Whitehall Petroleum, was awarded in 1964 and subsequently drilled.

Pearson is a British pioneer in the oil industry having founded Mexican Eagle Oil at the beginning of the century; having been the main shareholder in the most successful U.S. oil company, Amerada; and having merged its other U.S. and Canadian oil interests into Asiland in 1969, with whom it participated subsequently in North Sea exploration. Thus it has a long and distinguished history in the oil business here and abroad.

Roland C. Shaw,
Premier Consolidated Oilfields,
23 Lower Belgrave Street, SW1.

Imports of textiles

From the General Secretary, National Union of Tailors and Garment Workers

Sir.—E. Ira Brown of the British Importers Confederation (August 5) expresses sympathy for the plight of the nil-importing developing countries while defending importers against increasing attacks as the recession deepens. Mr. Brown indicates that, as a trading nation, the UK must trade its way out of the present recession, he says. This is indeed true. And it is because of distortions in two-way trade that the UK clothing industry is in its present difficult situation.

Alec Smith,
National Union of Tailors and Garment Workers,
Rudlett House,
West Hill,
Aspley Guise,
Milton Keynes.

Today's Events

Edinburgh International Festival (until September 6).

American rock musical Hair begins national tour at Churchill Theatre, Bromley (until August 30).

British Music Fair, Olympia (until August 23).

International Festival of Sound (hi-fi trade fair), Harrogate (until August 19).

OFFICIAL STATISTICS

Central Statistical Office provide a second quarter preliminary estimate of gross domestic product based on output data. Department of Trade pub-

lishes the balance of payments current account and overseas trade figures for July; and provisional July figures of retail sale.

COMPANY MEETINGS

See Financial Diary on Page 19.

COMPANY MEETINGS

Final dividends: County and District Properties, Denbywre, English Association of American Bond and Shareholders, Samuel Heath and Sons, R. P. Martin, Vibroplant. Interim dividends: Blagden and Noakes (Holdings), Agnes, 1.10 pm.

CRICKET

Lancashire v Australians, at Old Trafford.

Scotland v Ireland, at Coatbridge.

LUNCHEONTIME MUSIC, London

Plano recital by Stephen Reynolds, St. Lawrence Jewry, 1.0 pm.

Organ recital by Jonathan Renoert, St. Michael's, Cornhill, 1.0 pm.

Recital by Julian Clarkson (counter-tenor) and Richard Lyne (organ), St. Anne and St. Agnes (Holdings), 1.10 pm.

As New York's oldest bank, we financed the trade of our young nation.

Now, almost 200 years later, we are financiers to the wide world.

Our international involvement began early. Soon after our nation's independence, the Bank of New York was founded to encourage the growth of America's fledgling commodities trade.

That was only the beginning.

Through the ensuing years, we have grown from strength to strength. Today, we have an important global reputation for both the quality and scope of our services to our corporate customers.

We can boast a uniquely compatible relationship with scores of correspondent banks, both at home and overseas.

And we serve the diverse financial needs of American corporate clients and their overseas subsidiaries, as well as local businesses all over the world.

London Pride.

Our London Branch at



147 Leadenhall Street provides the full range of commercial banking services.

It is actively involved in corporate lending, export-import financing, Euro-currency participations, leasing, cash management, corporate trust and investment management services.

UK COMPANY NEWS

Beales
warns of
midway
losses

AT THE annual meeting of John Beales Associated Companies, Mr. G. H. Bignal, chairman, warned he could not see the group returning to profitability in the half-year to September, but the second half should show an improvement.

For the 53 weeks to March 19, 1980, the group, maker of "Marathon" underwear and outerwear, incurred a loss of £850,000 following a first half deficit of £680,000.

The chairman told shareholders that the group had contracted to a position in which it would be able to attack the market more efficiently in areas in which it was strongest and potentially more efficient.

This would eventually be reflected in turnover, the chairman added.

The cash position had improved with stock clearance, but at a cost, and losses had been reduced.

With the slimmer structure and new management, the group was looking to seize opportunities wherever they occurred and the chairman was confident that there would be a continuing improvement in performance during the next 12 months.

SHARE STAKES

Imofund 1982 — Control Securities has purchased a further 452 units of this Netherlands unit trust, bringing holding to some 10,31 per cent.

Ware Group — National Employers' Mutual Insurance holds 291,000 shares 18.69 per cent.

Gaskell Broadloom slips to £0.31m at half time

Holders of more than 40 per cent of the shares of Gaskell Broadloom are in favour of the £2.7m offer for Hothfield Group which is intended to add manufacture of berber carpets to Gaskell's existing carpet manufacture and distribution businesses.

Details of the proposed acquisition are revealed in the documents sent to Gaskell's shareholders as background for the special meeting on September 1 to approve the deal.

The documents also contain details of Gaskell's own reduced trading performance for the six months to June 30. Pre-tax profits have dropped from £532,724 to £314,505 although turnover increased from £5.56m to £6.36m.

After tax down from £277,000 to £163,000 stated earnings per

share have dropped from 6p to 3.5p.

Mr. N. H. Horton, the chairman, attributes the reduced profits to the world-wide recession, high interest rates and the strength of the pound. No forecast for the full year is given but the Board has declared a maintained interim dividend of 1p.

Last year's total dividend was 2.8p from pre-tax profits of £1.15m.

In contrast to Gaskell, Hothfield's recent performance has shown uninterrupted growth.

Over the past four years to March 31 last turnover has increased from £1.76m to £3.49m and profits before tax from £205,000 to £1.62m.

Gaskell is proposing to pay £2.7m for Hothfield, mostly in cash. Some £1.3m of this would

be paid on acquisition, the

PPD Engineering getting back to full recovery

PPD Engineering, the printing and paper drive machinery subsidiary of Laurence Scott claims to be well on the way to recovery following the blow it received when a large part of the management and key staff abruptly left the company earlier this year.

In March, Mr. Roy Ashman, managing director, and Mr. Henry Lally, sales director, resigned from the company. They were later joined by some 26 PPD employees.

With the backing of Hambrus Bank, the National Coal Board Pension Fund and Electric Investment Trust, the executives acquired Harland Simon (1980) a company in direct competition with PPD—and then unsuccessfully approached Laurence Scott about buying out the PPD subsidiary.

New executives have now taken over at PPD and the group has gone a long way in replacing the key personnel. In the past 10 weeks output has been on the upturn and morale is at a much higher level, Mr. McCraith added. The order book currently stands at over £2m in addition to which there are three contracts worth some £225,000 currently pending confirmation. This is some £1m below the figure of a year ago.

The company is a 62 per cent owned subsidiary of BTR.

remainder in three annual instalments. The initial payment is to be met out of a medium term bank loan of £1.25m.

A pro forma balance sheet reflects the acquisition shows shareholders funds and reserves would be reduced from £5.25m to £4.2m. The drop is attributable to the £100,000 cost of the acquisition and the writing off of £1m representing the premium paid for Hothfield which has no tangible assets of £1.68m in its latest balance sheet.

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The acquisition shows shareholders funds and reserves would be reduced from £5.

Companies and Markets

INTERNATIONAL BONDS

INTERNATIONAL CAPITAL MARKETS

BY NICHOLAS COLCHESTER

A flight of fancy for Alcoa

FOR DAYS the long runways at the Eurobond flight test centre had been silent, swept by turbulent winds and soaked with persistent rain from clouds dark with inventory. Potter and Rudloff, two test pilots from GSFB Aviation, stared grimly through the control tower window. Goggled and gauntleted, they slapped their leather flying suits in frustration.

Then, on the Wednesday, a brief window opened in the skies, carried in by calmer airs from across the Atlantic. At once the great hinged doors were parted. The ground crews marauded in wonder as CSFB wheeled out its latest development: Spirit of Alcoa, the \$80m deferred purchase fund, the first "in-flight refueller."

This gleaming, wingless cigar was designed to take aboard an initial 25 per cent fuel load from the institutions, take off almost vertically and spear through low altitude uncertainty, driven mainly by force of expectation. It would fly thus for four months towards a rendezvous with the same institutions, take on another \$80m of fuel, unfold into a fully-fledged Eurobond and cruise serenely on towards redemption eight years later.

CREDITS

Tempo quickens in Latin America

THE PACE of lending to Latin America's major borrowers, Argentina, Brazil and Mexico, is bottling up. Well over \$1bn worth of credits has been tied up during the past week, or are being so arranged.

But, whereas there are ominous signs that Brazilian borrowers are finding the going hard and may well have to increase spreads, the other two countries continue to borrow on fine terms.

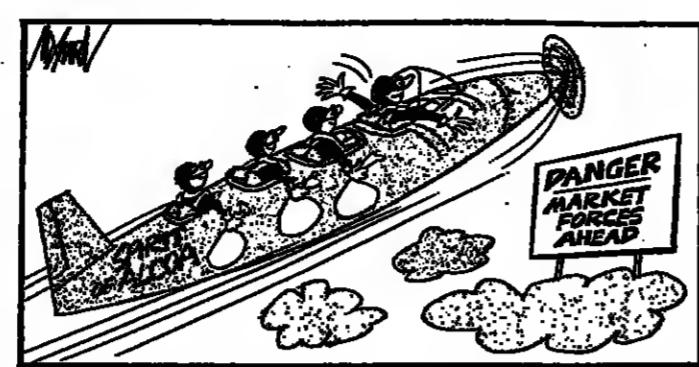
The Argentinian borrower, Yacimientos Petrolíferos, has quietly arranged a three-year loan of \$300m via Arab Banking Corporation and a small group of Arab and French banks. The borrower is believed to have paid a margin of 1 per cent but the management fees will never be allowed to raise credit which included a "floating spread."

The increasingly active role of Arab Banking Corporation has not gone unnoticed in banking circles: indeed the same bank is at present arranging a \$300m facility for Brazil's central bank.

The latest loan for a Brazilian borrower, which Bank of Tokyo is organising is to Siderbras: there are doubts as to whether the initial figure of \$250m will rise to 14 per cent for the next eight years will stick. A smaller amount and a higher spread may be needed to make the loan go.

Meanwhile, Sr. Carlos Langoni, president of Brazil's central bank, has categorically denied that Brazil is thinking of arranging a jumbo loan in the Euro-markets at present. He also insists the Brazilian borrowers would never be allowed to raise credit which included a "floating spread."

A number of operations for



set at 12 per cent for eight years at par, so all they could do was preface the start button.

"Do we have commitment?" asked Potter.

"We have commitment,"

Rudloff intoned.

"Cheques away," shouted Potter, and at once they were rolling, bouncing, yawing, correcting and bouncing again. At the runway end Spirit of Alcoa lifted over the head of an indefatigable plane-spotters named Ross. He dived with glee and shouted: "Less a half! Go! Go! Go!"

And the Deferred Purchase Bond went Some of CSFB's rivals, who dearly would have

liked to shoot it down, could not load up in time with telling criticism. Pre-flight security had been good. Spirit of Alcoa held height and disappeared over the horizon.

Then the unexpected occurred. Clutching leather bags full of fees, the crew heaved themselves up into the upstream and tumbled out. Bright parachutes blossomed—one, two, three, four—and lowered them gently to earth. The prototype dined on towards its distant rendezvous, already buffeted by market forces.

To their discomfiture the fearless four alighted facing their sponsor, the finance director of Alcoa of Australia. He was smiling dangerously.

"Great take-off blokes," he said, "but haven't you baled out a little quickly? Who's looking after the re-fuelling? I'll need all \$80m on board and I've paid you to get it."

Pilot Rudloff stepped amably forward in all Euro-aircraft precede a guaranteed, supervised re-fuelling," he explained silkily, "but rest assured that we have built in every possible incentive for it to happen automatically."

"Well, that's beaut," the finance director retorted, "but what happens if the whole whale drops off before refuelling is due? If there's a big gingle, who's going to pour good money after bad?"

"In that case you have salvage rights to the entire \$20m in the wreckage," Rudloff answered smoothly. "That \$20m is then yours for free. It will be equity."

The finance director's eyes blinked like cash-register windows. "Nice flying colour," he drawled bappily. "Go build me another one. And this time let's see some real leverage, really tight terms, and a nine-month waiting time to sort the men from the boys."

BY FRANCIS GHILES

U.S. BONDS

CURRENT INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
Leumi Ind. Inv. NV	20	1987	7	6%	100	Bank Leumi, BNP, Lurim	6.07%
Jean Ind. Inv. NV	20	1987	7	10%	100	CSFB	7.00%
Alcoa of Australia	20	1988	8	12%	100	Nat. Bk. of Abu Dhabi	5.31%
Credit Lyonnais	30	1987	7	5½%	100	Nomura Sec., Credit Lyonnais (H. Kong)	5.31%
SINA Osteas Fin. NV	60	2000	20	8½	*	Blyth Eastman	*
IECS	25	1987	7	11%	100	Paine Webber	*
Renault Acceptances BV	200	1985	5	7½	99½	Deutsche Bank	7.68%
IECS	150	1992	8½	7½	100	Dresdner Bank	7.87%
SNICHL	80	1988	8	6½	*	Deutsche Bank	*
SWISS FRANCS							
Sumitomo Metal Min.	50	1985	—	5½	100	Credit Suisse	5.25%
Tunnel Routier sur le Mont Blanc	60	1990	—	5½	100	CCF (Switzerland)	5.40%
STERLING							
Rothschild Inv. Trust	12	1990	8	14½	98	S. G. Warburg	14.64%
CANADIAN DOLLARS							
Export Develop. Corp. 25	1985	5	11½	100	KIIC, CSFB, Daiwa Secs.	11.37%	

* Not yet priced. * Final terms. ** Placement. † Floating rate note. + Minimum. \$ Convertible.

** Registered with U.S. Securities and Exchange Commission. Note: Yields are calculated on A180 basis.

rates up again next week.

Meenwible, on Friday the Fed released the minutes of its Open Market Committee meeting at the beginning of last month. These disclose that the central bank intended to stick to its original money growth targets for this year, although allowing the money supply to rise more quickly in the third quarter to make up for the slowdown in the first five months of the year. Such an expansion is clearly underway, but analysts indicated it was now running above the upper limit of the Fed's target for the year.

Apart from the weekly M1A and M1B indicators, the broader M2 monthly measure rose by 16.3 per cent in June and July, well above the target range.

Moreover, the related wholesale price index, also released on Friday, has fuelled Wall Street fears that the Fed may have got its sums wrong and may now have to intervene by draining money from the market to check too steep a rise in the money supply.

There is also concern over the Federal Government's heavy borrowing programme which could further swell the money supply in the third quarter. With Wall Street generally sharing this view, some analysts claim the market is likely to expect some significant correction in next week's figures.

Last month the wholesale price index leapt by 1.7 per cent, the largest monthly increase in nearly six years. Although the sharp increase was largely attributed to food prices as a result of the summer's drought, it nonetheless provides little encouragement on the inflation front.

The same thing occurred last

U.S. INTEREST RATES (%)	Week	Week
Fed Funds weekly avg.	8.00	8.00
3-month Treasury Bills	8.53	8.42
3-month Cos	9.40	9.20
Treas. 30 year bonds	10.30	10.62
Long-term AAA utility	12.13	12.00
Long-term AA industrial	11.75	11.85

Source: Salomon Bros., estimates.

This announcement appears as a matter of record only

June 1980

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US\$ 150,000,000

9½% Guaranteed Notes Due July 1, 1986

Unconditionally guaranteed by

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Wood Gundy Limited

Algemeene Bank Nederland N.V.

A. E. Ames & Co. Limited

Bache Halsey Stuart Shields Incorporated

Banca Commerciale Italiana

Banco del Gottardo

Bank of America International Limited

Bank für Gemeinschafts-Aktiengesellschaft

Bank Gutwille, Kurz, Baugear (Overseas) Limited

Bank Leu International Ltd., Nassau

Bank Lemm (UK) Limited

Bankers Trust International Limited

Banque Arabe et Internationale d'Investissement (BAILI)

Banque Bruxelles Lambert S.A.

Banque Europeenne de Tokyo S.A.

Banque Francaise du Commerce Exterieur

Banque Louis-Dreyfus

Banque de Paris et des Pays-Bas

Bank Rothschild

Banque de l'Union Europeenne

Banque Worms

Bayerische Hypotheken- und Wechsel-Aktiengesellschaft

Bayerische Landesbank Girozentrale

Baring Brothers & Co., Limited

Bear Stearns & Co.

Berliner Handels- und Frankfurter Bank

Birch-Eastman-PaineWebber International Limited

B.S.L. Underwriters Limited

Burns Fry Limited

Caisse Nationale de Crédit Agricole

Chemical Bank International Group

Christiani Bakke og Kredittkasse

CIBC Limited

CityTrust Management Limited

Compagnie de Banque d'Investissements (Underwriters) S.A.

Citicorp International Group

Copenhagen Handelsbank

Creditanstalt-Bankverein

Credit Swiss First Boston Limited

Daichi Kangyo Bank Nederland N.V.

Denmarkskredit

Des Witte Reynolds International

Den Deutsche Gesellschaftsbank

Dillon, Read Overseas Corporation

Dominion Securities Limited

Drexel Burnham Lambert Incorporated

First Chicago Limited

Greenshields Incorporated

E. H. Gustafson International Inc.

Hessische Landesbank-Girozentrale

Hill Samuel & Co. Limited

Kidder Peabody International Limited

IIB International Limited

Infinito Bancard, San Paolo di Torino

Kreditbank N.V.

Companies and Markets

WORLD STOCK MARKETS

NEW YORK

	1980				1980				1980				1980				CANADA			
	Avg.	Aug.	Aug.	Aug.	High	Low	Stock	Avg.	High	Low	Stock	Avg.	High	Low	Stock	Avg.	High	Low	Stock	Avg.
1980																				
High																				
Low																				
Stock																				
1980	66	35	Columbia Gas.	39	54	B34	Gt. Au. Pec. Tea	54	58	29	Macc Petroleum	61	0	5%	Schiltz Brew J.	71	12	1920	1920	
High	66	35	Columbus Pct.	32	204	181	Combined Int.	20	54	60	Metromedia	23	135	5%	Schiltz Brew J.	71	12	1920	1920	
Low	56	27	Compu. Sciences	28	279	174	Gt. West Financ.	21	41	258	Milton Bradley	35	21	14	Scott Paper	19	24	1920	1920	
Stock	56	27	Computer Ind.	20	181	124	Greyhound	16	61	46	Minnesota MM	50	121	14	Scott Paper	19	24	1920	1920	
1980	142	142	AM Int'l.	124	22	17	Gmwh Edision	20	181	69	Missouri Pac.	60	29	12	Searle Corp.	19	24	1920	1920	
High	142	142	AM Int'l.	124	22	21	Comm. Satellit.	58	191	71	Mont. Merch.	15	50	12	Searle Corp.	19	24	1920	1920	
Low	142	142	AM Int'l.	124	22	17	Compegraphic	24	51	7	Mohegan	8	29	12	Searle Corp.	19	24	1920	1920	
Stock	142	142	AM Int'l.	124	22	17	GIC	1	31	7	Monarch M/T	39	20	12	Searle Corp.	19	24	1920	1920	
1980	142	142	Abbotts Lab.	49	25	3	Comp. Sciences	28	31	58	Moore-McCormick	48	9	4	Schiltz Brew J.	71	12	1920	1920	
High	142	142	Abbotts Lab.	49	25	3	Conc. Mills	40	124	40	Morgan J/P	21	58	14	Scott Paper	19	24	1920	1920	
Low	142	142	Abbotts Lab.	49	25	3	Conn Gen Inv.	41	434	52	Morton Bradley	35	21	14	Scott Paper	19	24	1920	1920	
Stock	142	142	Abbotts Lab.	49	25	3	Conn Gen Inv.	41	434	52	Metromedia	23	135	14	Scott Paper	19	24	1920	1920	
1980	142	142	Acf Industries.	39	14	75	Conti. Financ.	71	124	41	Milton Bradley	35	21	14	Scott Paper	19	24	1920	1920	
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High	142	142	Acf Industries.	39	14	75	Compegraphic	24	51	7	Monarch M/T	39	20	12	Scott Paper	19	24	1920	1920	
Low	142	142	Acf Industries.	39	14	75														

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LOANS

Interest Paid Date Stock Price £ Int. Yield % Rel.

Public Board and Ind.

1st Apric. M. Soc 59-89
 310 Alcan 10-sec 89-94
 1st M.C. Wr. Soc 58-64
 310 S.A.S. Ltd. 99-1962
 310 Do. without Warrant 91

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Monday August 18 1980

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MPs in clash on Scottish trade

A COMMITTEE of MPs is likely to recommend in a report that could be embarrassing for the Government that the Scottish Development Agency be deprived of its responsibility for seeking industrial investment from abroad.

The Select Committee on Scottish Affairs has been investigating the effectiveness of overseas promotion and has been particularly concerned about the number of important industrial projects lost to the Irish Republic in recent years.

The six Labour members of the committee argued that the answer was to strengthen the Agency to make it more competitive with the Irish Industrial Development Authority.

But they were outvoted by the seven Conservative MPs, who believe that the Agency should drop its overseas promotional role, which should instead be carried out by the Department of Industry's Invest in Britain Bureau.

In particular they want the Agency's offices in New York, San Francisco and Brussels to be closed and their functions passed to the respective British Consulates.

Although there is some sympathy among Ministers for the views of the Conservatives on the committee, the Scottish Industry Minister, Mr. Alex Fletcher, recently gave the Agency a public commitment that it would retain its overseas responsibility and he able to keep open its offices for at least a year.

The Agency is making no statement until after the report is published, probably at the end of the month. But it is thought to be ready to fight to retain its overseas representation, which it feels is amply justifying its cost.

The New York Office, the first to have opened a year ago, has more than doubled its visits to Scotland by U.S. industrialists looking at potential sites for projects, and has lined up a number of investments which are about to come to fruition.

Boilermakers union seeks merger with electricians

BY NICK GARNETT

THE EXECUTIVE of the 120,000-strong Boilermakers' Union is to seek merger negotiations with the Electrical and Plumbing Trades Union and its 450,000 members. An official mandate to begin detail negotiations has been given.

Such negotiations reflect the growing financial and structural pressures on unions. They are also in line with pressure quietly exerted by the TUC whose officials have, in the past few months, repeated that the multiplicity of unions is not helping to improve industrial relations.

The increasingly bitter union dispute at the Isle of Grain, however, whose repercussions are likely to come to a head within the next few months, is tending to pull the movement in the opposite direction.

The electricians have set up a joint working party with the General and Municipal Workers Union, and the white collar union, APEX, to look at the possibility of a merger between the three.

The former two unions are at each others throats over the Isle of Grain and this has been sapping willingness to press ahead with the talks.

There is also a possibility that the EETPU will face expulsion from the TUC if the Isle of Grain dispute is not resolved. Such an expulsion would cer-

French reactor fee call sets Government problem

BY DAVID FISHLOCK, SCIENCE EDITOR

A FRENCH proposal for collaboration between Britain and France in development of a 1,500 MW commercial fast-breeder reactor has presented a major headache for the Government.

As part of the deal the French want an entry fee, believed to be of the order of £20m-£25m. They seek to justify this by saying that Britain will have access not only to the technology of the 1,200 MW Superphenix FBR under construction in the South of France, but also plans for the more advanced Superphenix 2 reactor expected to produce electricity about one-third cheaper.

The Government told Sir John Hill, its chief nuclear adviser last year to explore possibilities for overseas collaboration, following visits by Mrs. Margaret Thatcher in both Superphenix and Britain's 230 MW prototype fast reactor at Dounreay.

Of several possibilities for collaboration, one with the French has certain advantages.

The two countries' FBR technologies are very similar, and Britain already has a small stake in Superphenix, through a 2.5 per cent investment by the Central Electricity Generating Board.

Superphenix is being built as a three-nation project by the electricity industries of France, Italy and West Germany. Belgium and Holland are also involved in the technologies through their shareholdings in the prototype FBR under construction in Germany.

France plans to order six Superphenix 2 reactors of identical design in three pairs at 9-month intervals, starting in 1985.

The French proposal to Britain, discussed recently between Mr. David Howell, the Energy Secretary, and M. Andre Giraud, the French Industry Minister, covers all phases of research, design and manufacture of FBRs by these five nations.

The idea would be to ensure that British designs for the UK's first big FBR tally closely with the designs for Superphenix 2.

It would involve creation of a new nuclear company as a subsidiary of the National Nuclear Corporation to act as counterpart to the five-nation company Serena, which holds the licence to all Superphenix FBR technology. In discussions the proposed British company has been called "Fastech."

The French proposition likely to cause the Government the greatest difficulty, however, will be to justify paying a lump sum to the French for access to their technology. Successive British Governments have maintained that Britain remains at the forefront of FBR technology.

Opponents of nuclear energy would see such a payment for the FBR as an opportunity to mount a major attack on the Government's nuclear energy programme generally.

France courts Britain. Page 15

Steel chairman's latest plan may mean wider job losses

BY ALAN PIKE

PROPOSALS for arresting the severe financial losses of the British Steel Corporation which may involve further job losses are about to be presented to Sir Keith Joseph, the Industry Secretary, by Mr. Ian MacGregor, BSC's chairman.

Mr. MacGregor has been conducting a wide-ranging review of BSC's problems and prospects since becoming chairman at the beginning of July.

This is nearing completion. Mr. MacGregor is expected to outline his findings to colleagues on the BSC board shortly, and present the review to Sir Keith either at the end of this month or the beginning of next.

The review includes an examination of BSC's capacity requirements in the depressed steel market. There are deep fears in steelmaking areas that it will lead to still further re-

trenchment and redundancies. Output from the steel industry, public and private, last month was 27.8 per cent down on July 1979.

BSC, partly because of the national steel strike last winter, lost £545m last year in addition to £1.239bn write-down of fixed assets and closure and redundancy costs.

Sir Keith has accepted that the corporation will not keep within the Government's original funding limit for the current financial year, but insists on early action to bring its finances under control.

Mr. MacGregor will meet union leaders next week. They will again plead for a reprieve for Consett steelworks, Co. Durham, due to close next month with loss of 3,700 jobs.

So far as BSC is concerned, however, the meeting will be to discuss future strategy. The corporation regards the decision to close Consett as firm and unavoidable, despite the acknowledged social problems which it will cause.

It is considered unlikely that suggestions of possible private bidders being interested in the plant will come to fruition.

BSC has dropped its legal action seeking to force Granada Television to name an informant who provided it with confidential corporation documents during the steel strike.

The corporation said in a statement that its own inquiries had been fruitful and it had reached a conclusion on the identity of the source—a person who was no longer an employee.

Canada had been subject to a court order to name the source, but said that as a company it did not know it.

The first stages of the investigation seem to be following the pattern of an earlier Department of Justice inquiry into the North Atlantic trade, which resulted in several companies being fined heavily.

Australian, New Zealand and UK official circles fear the present investigation could lead eventually, like the North Atlantic case, to a series of civil actions, seeking punitive damages.

The US move has already created a "front" among US trading partners aimed at blocking attempts by the US to extend its anti-trust jurisdiction outside its borders. New Zealand has just joined Australia and the UK in passing legislation to restrict the flow of information to the US on anti-trust matters.

The shipping case was

raised in Washington when Senator Peter Durack, the Australian Attorney-General, met his US counterpart Mr. Benjamin Civiletti. But both sides sought to reduce the rising tension with an agreement that the two countries needed joint procedure to resolve anti-trust disputes.

This meeting was the latest in a series of diplomatic exchanges, which have included talks in Washington between Australian, New Zealand and UK officials. Part of the Australian resentment comes from the fact that the US was slow in making known its intentions to investigate the conference activities.

The simpler British technology is at a more advanced stage of development and cheaper than the French systems. British manufacturers have started to mass-produce the integrated circuits—silicon chips—needed to bring down the cost of receivers for sale to the general public.

Recently the French Government contracted Texas Instruments' French subsidiary and EFCIS, the partly State-owned silicon chip maker, to build circuits for the Antipode system.

The British subsidiary of Texas Instruments already makes circuits for the British rivals—although it did have problems initially in producing them in sufficient quantities to satisfy the expected market.

In Britain, there are about 5,000 users of the public Prestel system. It has been estimated that between 15,000 and 20,000 receivers will be connected by the end of the year, although this falls short of the 50,000 originally intended.

Other countries which have adopted the British systems include the Netherlands and Switzerland.

In general it was difficult for small and medium sized unions to meet the burdens of research, development and organisational overheads. Overheads were "quite unbearable," said Mr. Chalmers.

Leaders of the boilermakers are still in tentative discussions with the General and Municipal and the Amalgamated Union of Engineering Workers, but they do not like the smallness of the latter's national committee.

The EETPU has been absorbing smaller unions in a structure which allows them industrial autonomy. This is also an attraction to the boilermakers.

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Germans have doubts on British teletext system

BY ELAINE WILLIAMS

WEST GERMANY, which has carried out tests of British-designed teletext and Prestel viewdata information systems for two years, is considering switching to rival French systems.

Earlier this month, CBS, one of the three major US television networks, declared its preference for the French teletext system, known as Antipe, over the British. However, a poll taken by the Electronics Industries Association in an effort to establish a US standard failed to produce a required majority for the British, French or a similar Canadian system.

Teletext is a method of transmitting "pages" of information using television broadcast transmissions, while viewdata transmits information stored in a computerised data base across telephone lines and displays it on a television screen. Both systems need special receivers.

Only two months ago, major market trials of the British systems were started in Berlin and Dusseldorf involving 6,000 users to assess the market potential.

At present, Antipe is being operated on an experimental basis only, for selected audiences in Paris and Rennes. France's viewdata system, Teleplus, is also under development.

The Bundespost, the West German Federal Post Office, is attracted by the French system's superior graphics facility but also likes the relative simplification.

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Anti-trust shipping inquiry mounted

By PAUL CHEESERIGHT

Justice has mounted an anti-trust investigation into the liner conferences operating between Australia, New Zealand and the US.

The investigation could seriously damage the operations of ACT (A) and Bass and Savill, two UK groups which account for over a fifth of the traffic which earns them about £70m a year.

Other companies involved include Columbus Lines of West Germany, Farrell Lines of the US, Alatran Lines of Sweden, the Australian National Line and the Shipping Corporation of New Zealand.

A liner conference is a group of shipping companies acting in concert on certain specified routes to fix rates and scheduling.

US inquiries are at an early stage but documents have been demanded from the companies related to their pricing arrangements, their reciprocal dealings, and their relations with non-conference lines.

The first stages of the investigation seem to be following the pattern of an earlier Department of Justice inquiry into the North Atlantic trade, which resulted in several companies being fined heavily.

Australian, New Zealand and UK official circles fear the present investigation could lead eventually, like the North Atlantic case, to a series of civil actions, seeking punitive damages.

The US move has already created a "front" among US trading partners aimed at blocking attempts by the US to extend its anti-trust jurisdiction outside its borders. New Zealand has just joined Australia and the UK in passing legislation to restrict the flow of information to the US on anti-trust matters.

The shipping case was

raised in Washington when Senator Peter Durack, the Australian Attorney-General, met his US counterpart Mr. Benjamin Civiletti. But both sides sought to reduce the rising tension with an agreement that the two countries needed joint procedure to resolve anti-trust disputes.

This meeting was the latest in a series of diplomatic exchanges, which have included talks in Washington between Australian, New Zealand and UK officials. Part of the Australian resentment comes from the fact that the US was slow in making known its intentions to investigate the conference activities.

The simpler British technology is at a more advanced stage of development and cheaper than the French systems. British manufacturers have started to mass-produce the integrated circuits—silicon chips—needed to bring down the cost of receivers for sale to the general public.

Recently the French Government contracted Texas Instruments' French subsidiary and EFCIS, the partly State-owned silicon chip maker, to build circuits for the Antipode system.

The British subsidiary of Texas Instruments already makes circuits for the British rivals—although it did have problems initially in producing them in sufficient quantities to satisfy the expected market.

In Britain, there are about 5,000 users of the public Prestel system. It has been estimated that between 15,000 and 20,000 receivers will be connected by the end of the year, although this falls short of the 50,000 originally intended.

Other countries which have adopted the British systems include the Netherlands and Switzerland.

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More Labour news, Page 4

Teachers cut

THE NUMBER of teachers in Lincolnshire will have to fall by 100 this year, said Clr. Peter Feneage, chairman of the county Education Committee.

The recent 13 per cent pay award would cost the county £20,000 this year. Cost of employing a teacher was up to £10,000 a year.

Sir Geoffrey Howe recognised the problem of the diversion of

savings in evidence to the Commons Treasury committee last month. He said there was not an endless pool of savings so the impact on the rest of the savings market of proposals such as an extension of granny bonds would have to be considered in industry.

Some officials argue that the adverse impact on the building societies might only be short-lived. A shift in the balance of financing Government borrowing away from the issue of long-dated gilt-edged stocks might revive the corporate bond market and permit a reduction in the general level of interest rates and in time the mortgage rate as well.

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